

THE MANAGEMENT OF SECURITY COOPERATION

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PREFACE

Welcome to *The Management of Security Cooperation* produced by the Defense Institute of Security Assistance Management (DISAM). DISAM serves as a Defense Security Cooperation Agency (DSCA) institution to provide consolidated professional training and education for the security cooperation workforce. Since its initial publication in the spring of 1980, this textbook has been commonly referred to as the “Greenbook” by virtue of its green cover.

This Greenbook edition, at the time of publication, incorporates the most current information available regarding security assistance and security cooperation programs. It explains the wide range of DOD activities and relationships involved in developing and managing various types of security cooperation programs, including “Building Partner Capacity” programs, in addition to the traditional Department of State (DOS) security assistance programs.

Readers should be aware that the Greenbook is an academic document. It is intended to function as a resource to aid in the instruction and understanding of the multi-faceted and highly interactive world of security cooperation. It does not set policy, precedent, or procedures. The views, opinions, and conclusions expressed or implied herein are those of the authors or editors and are not to be construed as representing official policies of the US government or any of its departments and agencies.

The official source for DOD-wide security assistance and security cooperation policy, over which DSCA has responsibility, is the *Security Assistance Management Manual* (SAMM) issued as DSCA Manual 5105.38-M. The SAMM should be consulted for the latest policy updates and should be used as an official reference source in lieu of citing content from this textbook. The SAMM is only available online in electronic format. As such, the current SAMM is often referred to as the E-SAMM and can be accessed at: <http://www.samm.dsca.mil/>.

This edition of the Greenbook was produced through an institutional team effort. DISAM’s group of functional coordinators primarily produced the respective chapter content. In addition, other faculty members, as well as external contributors, assisted in updating the textbook content. Many other faculty and staff members also participated by serving as reviewers, proofreaders, illustrators, or otherwise supporting the publication process.

Although *The Management of Security Cooperation* was produced specifically for use in DISAM’s educational programs, it is in the public domain. Appropriately cited quotes and other credited uses of this material are encouraged. For the most recent updates to the Greenbook, readers are encouraged to view the online edition provided in the publications section of the DISAM web site: <http://www.disam.dsca.mil>.

Finally, the editorial staff is responsible for any errors of form or substance found within. We ask that any such errors detected by the reader be reported to DISAM/DR, Building 52, 2475 K Street, Wright-Patterson AFB, Ohio 45433-7641.

August 2015
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DEFENSE INSTITUTE OF SECURITY ASSISTANCE MANAGEMENT
WRIGHT-PATTERSON AFB, OHIO**

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The country team is also an executive body that, under the Ambassador's leadership, divides the tasks to be done, and supervises their accomplishment. It typically sees that jobs are assigned to those agency representatives that can best execute them, based on resources and expertise. Finally, the country team is the planning body which analyzes the situation in country, formulates plans and strategies for executing US foreign policy in country, e.g., through the Integrated Country Strategy (ICS), and recommends policy to Washington, DC. Close teamwork is critical, especially when time-sensitive issues are at stake. Officials of all agencies must work together at all levels, to speak with one voice and to accomplish the task at hand. The formal country team is thus an advisory body, a forum for consultation, and a means of promoting a coordinated effort.

Quite often SCOs will be called to participate in "modified country team" meetings. These are generally held for visiting officials, e.g., Congressional Delegations (CODEL), or senior military leaders. This is an opportunity for the SCO to succinctly relate the current talking points from the US to the partner nation, and enumerate some of the recent successes and on-going projects in country, ranging from Foreign Military Sales in progress (or desired) to Security Cooperation events.

Other US Embassy Relationships

At this point, it is useful to know that embassy section chiefs, known as "Counselors," have their DOS "rank or grade," which is essentially equivalent to the military O-7. SCO personnel deal with all country team members from time to time, but are particularly concerned with the following members:

Political Counselor and Political-Military Officer

The Political Counselor leads the Political Section analyzing host country political events and negotiates and communicates with all levels of foreign government officials. They observe host nation foreign policy actions, observe reactions to USG foreign policies, and advise the Ambassador and Washington on opportunities and challenges in country. The political section is sometimes tasked with delivering "demarches," official communiques from the USG to the host nation; sometimes asking for the host nation to support US actions or ideas, sometimes admonishing actions the USG finds displeasing. Someone in the Political Section should be assigned as the political-military (POL/MIL) officer. The POL/MIL position may be either full-time or an additional duty. The SCO coordinates with the POL/MIL officer on a range of issues to include potential major weapons sales requiring a formal country team assessment, or a proposed third-party transfer of US-origin equipment. In many countries, the POL/MIL officer will engage the SCO to assist in developing the annual report to DOS and Congress, especially in justifying the Ambassador's request for Foreign Military Financing funds, and International Military Education and Training funds. Additionally, the POL/MIL officer may be responsible for engaging the RSO and the host nation regarding human rights vetting for potential international military training provided by the US.

Economic Counselor

The economic counselor can provide valuable information on the host country's economy, budget, and its ability to support arms purchases, among numerous other activities. Economic officers focus on developing relationships with important economic figures, including those in the business community, the government and opposition, non-governmental organizations, academia and multilateral organizations. They promote US economic and commercial interests. Their reporting and analysis on economic conditions and trends in the host country can and will influence US policy formulation and implementation. In many embassies, the on-going transition (combining the Political and Economics sections) to a single POL-ECON unit has occurred, but the SCO coordination with the office should not change.

Consular Counselor or Consul General

As noted above, the DOS staff who head the sections for the Ambassador are titled as Counselors. Based on that characterization, in the header for this paragraph the Consular Section Chief could be the Consular Counselor, but since that is a tongue-twister, the person is normally called the Consul General. The Consul General is in charge of the consular section that, among many tasks, deals with American citizen services, and also issues US visas to host nation citizens. This may be an immigrant visa or non-immigrant visa (NIV). The SCO works closely with the NIV consular section on the issuance of visas for international military students [Note: In larger countries, DOS maintains stand-alone consulates in cities other than the national capital; the chiefs of these functions are also titled Consuls General].

Management Officer

The embassy management officer oversees a wide variety of functions dealing with the day-to-day “real-life support” issues of the embassy. Management officers supervise all management operations including community liaison, facilities, financial and information management, general services, human resources, and medical functions; serve as the principal management advisor to the Ambassador and Deputy Chief of Mission or Principal Officer at a Consulate; manage and coordinate International Cooperative Administrative Support Services (ICASS) policies and support all DOS activities, as well as those of other USG agencies. Management officers serve as the Single Real Property Manager with authority over all real property program issues and act as liaison with the DOS on all real property issues; and also may serve as a Financial Management, General Services, or Human Resources Officer at overseas posts.

Public Diplomacy Officer

The public diplomacy officer, often referred as the public affairs officer (PAO), can provide background data and information on sensitivities of the host nation government and citizens, which can facilitate the SCO’s relationships with host nation counterparts. Additionally, through the embassy’s web site, press releases, and other interactions, the PAO can disseminate information on the benefits to the host nation of SA/SC and other USG programs. The SCO should coordinate all significant events, such as the visit of senior DOD officials and conduct of combined military exercises, through the embassy PAO. The SCO should embrace the opportunity to write summations of the events in country. The PAO can assist as needed and help shape the messages, and/or ensure that the CCMD’s messages are aligned with the Ambassador’s talking points.

Regional Security Officer

The regional security officer (RSO) has overall responsibility for security, anti-terrorism and force protection for all personnel under the authority of the Ambassador and is responsible for the embassy’s Emergency Action Plan (EAP). The EAP is a post-specific, comprehensive plan that provides procedures for responding to foreseeable contingencies. The RSO is the focal point for the SCO in all matters pertaining to force protection, to include security requirements and country clearance and protection for official and distinguished visitors. The RSO also supervises the Marine Security Guard (MSG) detachment, where assigned.

All newly assigned embassy people will be required to visit the RSO for their introductory briefings. This should be one of the very first stops in-country. The RSO should discuss the local security situation, emergency actions, communications in-country, off-limits locations, embassy security and entry procedures, embassy classified accountability checks, and a variety of other security-related material.

Director of the USAID Office

The USAID office, where assigned, administers DOS humanitarian assistance and other non-military foreign assistance programs for developing countries on behalf of the Ambassador. USAID,

via the Office of Foreign Disaster Assistance (OFDA), also has the lead responsibility for disaster relief actions within the country team. As budgets are reduced throughout the executive branch, be aware that USAID may only have a regional presence, and not necessarily a representative at the embassy.

Note that USAID Title-22 programs titled ‘humanitarian assistance’ (HA) are focused on development and/or disaster relief. They are different in scope and substance than the ‘humanitarian assistance’ as defined by DOD. DOD uses Title-10 funding to perform the HA programs. Therefore, it is required that any DOD HA activity that may impact the development plans of USAID be coordinated with USAID and the Ambassador.

Senior Defense Official/Defense Attaché (SDO/DATT)

The SDO/DATT represents all of DOD within the country team, including the CCMD, DSCA, and the Defense Intelligence Agency (DIA). Working for the SDO/DATT, it is critical that good communication and routine cooperation exist between the Defense Attaché Office (DAO) and the SCO. The unique role and authority of the SDO/DATT, in charge of both organizations, should ensure that DOD’s interests and objectives are smoothly integrated under the COM and coordinated with the host nation.

The SDO/DATT acts as a key player within the embassy and the CCMD because of influence, advice, and expertise, not necessarily because of authority. A key challenge for the SDO/DATT is to respond to the direction of the Ambassador while at the same time satisfying requirements levied by the CCMD. The successful SDO/DATT knows how and when to leverage available influence with other players—the Ambassador, the CCMD, the host nation, and others—to maximize the advancement of USG foreign policy and national security goals.

In DODD 5205.75, *Department of Defense Operations at US Embassies*, DOD defines the position of SDO/DATT as the principal DOD official in US embassies. It establishes the SDO/DATT as the diplomatically accredited defense attaché and chief of the SCO. This directive is amplified by the DOD Instruction C-5105.81 *Implementing Instructions for DOD Operations at US Embassies (U)*, issued in 2008.

DODD 5205.75 affirms the President’s letter, the FAA section 515, and DOD’s long-standing policy that DOD personnel in a foreign country who are not under the command of a US area military commander shall be under the authority of the Chief of Mission (COM) in that country. By law, this includes SCO personnel, even though they are administratively (militarily) assigned under a CCMD. The directive creates one formally designated military officer in each embassy to be responsible for all DOD actions and DOD personnel in that country. To this end, the directive gives each SDO/DATT coordinating authority over all DOD elements under the direction and supervision of the COM, with the exception of the Marine Security Guard (MSG) detachment at the embassy. For the purpose of the directive, coordinating authority is defined as “a commander or individual assigned responsibility for coordinating specific functions or activities involving forces of two or more MILDEPs, two or more joint force components, or two or more forces of the same service. The commander or individual has the authority to require consultation between the agencies involved, but does not have the authority to compel agreement. In the event that essential agreement cannot be obtained, the matter shall be referred to the next senior in the reporting chain.” According to DODD 5205.75, the SDO/DATT in each embassy shall:

- Serve as DATT and Chief of Security Assistance (i.e., SCO Chief) under the joint oversight and administrative management of the USD(P) and USD(I) through the Directors of the DSCA and the Defense Intelligence Agency (DIA), in coordination with the respective CCMD.

- Act as the in-country focal point for planning, coordinating, supporting, and/or executing US defense issues and activities in the host nation, including the theater SC programs under the oversight of the CCMD.
- Serve as the principal embassy liaison with host-nation defense establishments and actively participate in national security and operational policy development and coordination.
- Represent the SECDEF and the DOD components to host nation counterparts and foreign diplomats accredited to the host nation, and act as the principal in-country DOD diplomatic representative of the SECDEF.
- Present coordinated DOD views on all defense matters to the COM and act as the single DOD point of contact to the COM to assist in carrying out the COM's responsibilities.
- Represent the SECDEF and the appropriate commanders of the CCMDs for coordination of administrative and security matters for all DOD personnel not under the command of a US area military commander.
- Carry out the duties and instructions as set forth in the *CJCS Instruction C-5205.01C*.
- Exercise coordinating authority (definition above) over DOD elements under the direction and supervision of the COM. This shall not preempt the authority exercised over these elements by the COM, the mission authority exercised by the parent DOD components, or the command authority exercised by the CCMD under the Unified Command Plan. Additionally, this authority does not include authority to impose punishment under the Uniform Code of Military Justice.
- As required, provide information to USG officials on the general scope of in-country activities for all DOD component command elements assigned to the mission. This includes the missions, locations, organizations, and unique security requirements.

The SDO/DATT is also the link which ensures compatibility of DOS and DOD policies and promotes synergy of their resources. On SC and other issues, the SDO/DATT acts as an advocate for host nation concerns and interests to DOD and the USG. This requires the ability to work routinely and smoothly with host nation counterparts and to interpret or explain USG policies and procedures for a variety of programs. Finally, in the performance of these duties, the SDO/DATT must often bridge the "culture gap" between the US and the host nation.

Each SDO/DATT, upon completion of training, receives a formal appointment letter from the SECDEF. The SECDEF and the Chairman of the Joint Chiefs of Staff also provide a total of three other letters of introduction, identifying the new SDO/DATT by name. Generic copies of these four letters are found at attachments 4-4 through 4-7 of this chapter.

It is important to note that there is never a "Deputy SDO/DATT." The Secretary of Defense appoints only one officer to fill the SDO/DATT billet. To that point, the SDO/DATT should not begin duties in that capacity until the letter is signed by the Secretary.

SDO/DATT management styles and individual competencies vary widely but few officers can effectively manage day-to-day operations of both the DAO and the SCO. Therefore, in almost every case, there should be a Deputy for Attaché Operations and a Deputy for Security Cooperation Operations. As the SDO/DATT title and concept is somewhat new, many of the Deputies for SCO Operations retain the title of SCO Chief, to lessen host nation confusion. One successful technique is to hold periodic staff meetings or consultations with both sections to keep the SDO/DATT ready to respond to Ambassador or country team questions, as well as allowing the SDO/DATT to focus on the highest priority items.

Finally, note that before the SDO/DATT departs the country for any reason, a note to the Ambassador is generally desired detailing which DOD officer will be the primary contact during the absence. In

that light, Ambassadors have their own widely varying leadership and management styles. Many ambassadors prefer a “flat” organization versus the hierarchical model seen in the military. SCOs should be prepared for tasks to flow directly from the Ambassador, and the need to back brief the SDO/DATT is paramount.

Embassy Staff

The SCO also interacts daily with the embassy staff on numerous requirements necessary for its administrative support. Although the SCO may perceive the embassy as a Geographically Separated Unit, the State Department has organizations in each embassy that will mirror most functions found on any military facility. Such support includes housing, communications, commissary support, medical support, local manpower, financial support, and customs clearance of personal and official property, as well as dependent schooling, and numerous other areas.

CCMD Relationships

Relationships between the SCO and the CCMD can generally be categorized as both operational and administrative. The operational relationships are primarily related to the SCO’s execution of the CCMD’s theater campaign plan. Concerning the administrative relationships, the CCMD is required to perform the following functions, among others:

- Rate/endorse SCO personnel on their evaluation reports. For the SDO/DATT, US ambassadors may provide letter input, and their evaluation reports are completed by the DIA and the CCMD
- Control and coordinate the SCO joint manpower program requirements (details in chapter 17, “Resource Management for the Security Cooperation Organization”)
- Coordinate the administration of SCO financial and personnel records
- Administer SCO direct hire programs
- Fund and administer quality of life programs for the SCO
- Serve as the focal points for reviewing and consolidating SCO operational budgets and forwarding to DSCA

The CCMD and the Ambassador should strive to ensure that the SDO/DATT does not receive conflicting guidance, instructions, or priorities. If this occurs, the SDO/DATT must seek clarification or resolution. While the SDO/DATT is in the occasionally difficult position of responding to two masters, he is also uniquely able to understand both the CCMD and the Ambassador, balance their respective priorities, and leverage their resources. In particular, the SDO/DATT must be alert to take advantage of the wide range of support and expertise available from the CCMD, despite the distances separating the two activities. It is imperative for the SDO/DATT to maintain routine and timely communications with the CCMD on behalf of both the Ambassador and the host nation.

DOD Headquarters SC Relationships

Under Secretary of Defense for Policy (USD(P))

The USD(P) serves as the principal staff assistant and advisor to the Secretary of Defense on all SC matters across the Department. In that capacity, USD(P) disseminates DOD-wide strategies, policies, and guidance, and serves as the Department’s representative to the Secretary, the inter-agency, the media, and Congress to ensure the Department’s SC priorities are met. USD(P)’s responsibilities include (but are not limited to): representing DOD in all inter-agency, Congressional, and media queries on SC matters; disseminating the Secretary’s strategies, policies, and guidance on all SC programs and

activities across the Department; ensuring that Comptroller's release of funds to implement approved programs occurs once Congress/Secretary approve; reviewing regional and functional campaign plans and assessments to ensure continuity with Department- and national-level interests; overseeing and advising DOD Components on the development of campaign plans and campaign support plans and resource allocation priorities; and providing annual reports and assessments to Congress as required by law.

Defense Security Cooperation Agency (DSCA)

The Director, DSCA works directly for the USD(P). DSCA directs, administers, and provides guidance to the DOD Components and DOD representatives to US missions, for the execution of DOD SC programs for which DSCA has responsibility. DSCA ensures Secretary of Defense and USD(P) interests in SC matters are represented; identifies requirements, criteria, and procedures for the selection and training of personnel engaged in SC activities in DOD SC programs over which DSCA has responsibility; communicates directly with the Heads of the DOD Components on SC matters over which DSCA has responsibility to ensure program execution; leads periodic program management reviews (PMRs) for SC activities over which DSCA has responsibility; and collects information for the USD(P) on status of SC programs implemented for reporting purposes.

Host Country Relationships

For the SCO, this is the *raison d'être*. If relationships were unimportant, there would be little need for the SCO. Building relationships will require careful consideration by the SCO, in planning the time and events necessary to build them. It is not at all feasible to think one can build relationships by sitting at the computer in the SCO. The SCO must be diligent about getting out of the office, meeting the chiefs of the military and security forces, trying to understand their perspectives on their capabilities and their gaps, informing them about our FMS process (sometimes about their own processes), informing them about other BPC programs, and analyzing how the partner is or isn't (can or cannot) fit into USG strategy. This is one of the Congressionally-legislated functions in the FAA.

If the USG has made a considerable commitment to a partner nation, shares kindred interests, and is on excellent diplomatic terms, it is probable that the SCO's relationship, accessibility, and credibility with the host nation's military establishment will be equally solid. However, if the diplomatic climate between the US and the host nation is less amicable, the SDO/DATT's job will be more challenging as it works to cultivate an improved relationship with the host nation security forces.

Establishing a good working relationship begins with a sharing of interests and ideas. The SDO/DATT should recognize that there is a common foundation upon which to build rapport with host nation military counterparts, namely the universal brotherhood of arms. The problems of military doctrine, force structure, training, equipping, and logistical support are common to the armed forces of all nations. The successful SDO/DATT and SCO will take a sincere personal interest in the host nation's culture, history, customs, and religion, and likewise will cultivate both personal and professional relationships with local counterparts, which often forms the basis of life-long contacts and friendships

Most importantly, the SCO must retain its integrity and identity as an official arm of the USG. Its close relationship with host nation counterparts must not cloud its professional judgements and recommendations, or compromise official US policy.

SCO SECURITY ASSISTANCE DUTIES

Official functions and responsibilities of the SCO are delineated in the four sources referenced above. In the realm of Security Assistance, the seven legislated functions in the FAA should drive the majority of SCO operations.

Foreign Military Sales (FMS) Case Management

The SCO serves as the intermediary between the FMS case manager and the host nation to ensure that each case is both prepared and executed in accord with USG objectives and host nation desires. The SCO assists the host nation military with obtaining information on military articles and services from DOD organizations, public sources, and US vendors. It may assist the host nation in documenting its requirements and articulating its requests in terms that DOD organizations can translate into an FMS case. It ensures that the concept of a total package approach (TPA) is used as appropriate. Chapter 5 of this textbook, “Foreign Military Sales Process,” presents a detailed discussion on the FMS process and TPA. It facilitates any requirement to change the original FMS case by either amendment or modification. Finally, the SCO assists the host nation in planning for the receipt and integration of FMS materiel and services into its defense organization and force structure. This case management function, which is actually one of liaison and coordination, is the primary focus of most SCOs and comprises half or more of the workload in many SCOs.

Concerning transportation of defense articles, the SCO normally has no involvement in the actual receipt of articles shipped via the normal FMS process. In most cases, the host nation coordinates the movement of items, preferably through its freight forwarder, which is a commercial transportation agent under contract to the host nation. However, in some cases, whether by host nation choice or USG policy, items are moved through the Defense Transportation System (DTS). In such cases, the SCO may have responsibilities, particularly if the shipped materiel is classified. Chapter 11 of this textbook, “Security Cooperation Transportation Policy,” includes a discussion of SCO responsibilities in this area.

Additionally, SAMM chapter 15 discusses the SCO requirements regarding Building Partner Capacity (BPC) cases. In BPC cases, the SCO becomes a major focal point from initiation of the case through the receipt and inventory of the defense articles before turning over to the host nation. BPC materiel will be transported by USG means, and the SCO will be involved throughout the process.

One of the primary tools for SCO FMS Case Management is the Security Cooperation Information Portal (SCIP). This password-protected and common access card enabled website allows both US and host nation personnel to review and input data on FMS cases. It also stores end-use monitoring (EUM) information. Authorized Locally Employed Staff (LE Staff), who are non-US citizen employees of the SCO, and host nation personnel, are required to be issued a secure electronic token for this access. The SCO is required to identify and maintain contact with the primary and alternate host nation administrators for SCIP tokens. Information and guidance for the SCO concerning SCIP access by the host nation is found in DSCA Policy Memorandum 03-11, “Enrollment Process for the Security Cooperation Information Portal,” and DSCA Policy Memorandum 14-11, “Security Cooperation Information Portal (SCIP) Electronic Token Distribution and Replacement Policy” available on the DSCA web site. Appendix 1, “Security Cooperation Automation,” of this textbook, provides more information.

FMS Case Development

SCOs can and should provide assistance to the host nation for producing their Letters of Request (LOR) and be ready to explain Letters of Offer and Acceptance (LOA). SCO involvement tends to make the FMS process more effective and efficient by developing fully “actionable” LORs, minimizing discussions and questions from the Implementing Agencies.

SCOs should be familiar with the following topics, which are further explained in chapter 5:

- SME/MDE requirements
- Unique review requirements
- Routing of LORs

- Country Team Assessments (CTA)
- Monitoring progress
- LOA preparation time
- LOA format and content
- Changes to an LOA prior to partner nation signature
- Actions after LOA signing

FMS Program Management and Oversight

There are specific security assistance program management and oversight responsibilities of the SCO that are described in the SAMM C2.1.5. and the rest of this textbook. These are:

- Case information and monitoring via the Security Cooperation Information Portal (SCIP)
- Case files maintenance
- Partner nation involvement in contracting
- Transportation (i.e., Defense Transportation System shipments, classified shipments, transportation plans, discrepancy reports, etc.)
- Program Management Reviews/Case Reviews
- End-Use Monitoring (EUM)/Third-Party Transfers

Training Management

The SCO coordinates and facilitates all military training conducted or contracted by DOD for the host nation. The SCO advises and assists the host nation in identifying, forecasting, and programming training requirements of all kinds, e.g., professional military education, tactical training, technical skills, etc. It helps ensure that properly qualified and vetted candidates are chosen for training, which includes the SCO administering English language testing for prospective students. The SCO is responsible for management of training purchased under the FMS program, USG-appropriated IMET funding, DOD-funded Combating Terrorism Fellowship Program (CTFP), and many other sources. In addition to individual event training such as professional military education, the SCO must be aware of the relationship of FMS purchases and associated required training. The two functions should be smoothly integrated to ensure that training needs associated with the acquisition of equipment, whether by FMS or Direct Commercial Sales (DCS), are identified early and appropriately addressed.

Besides routine coordination between host nation counterparts and DOD agencies, this function requires specialized user training in a software program called the Training Management System (TMS) (available at DISAM). A detailed discussion of international training and the roles of the SCO are found in chapter 10 of the SAMM and in chapter 14 of this textbook, “International Training.”

End-Use Monitoring (EUM)

The SCO function listed in the FAA as “program monitoring” refers to the requirement to monitor host nation use and protection of FMS and grant program defense articles, services and training transferred to the host nation, as well as the eventual disposal of these defense articles. This includes the integration of US-origin equipment, training, and services into the host nation force structure. Additionally, in rare cases, the host nation will lease (rather than purchase) articles under FMS. Because leased equipment

remains the property of the USG, the SCO has a special responsibility for monitoring it. However, the most time-consuming aspect of program monitoring involves EUM. In performing this function, the SCO is essentially determining the answers to four questions:

- Is there an effective equipment accountability program/procedure in place?
- Is the equipment adequately secured and safeguarded?
- Is it being used only for purposes for which it was transferred to the partner?
- Is the eventual transfer or disposal of the equipment in accordance with US guidelines?

Where possible, the SCO should integrate EUM into other routine duties, such as visits to military bases and depots, observation during combined exercises, etc. In some cases, however, EUM generates its own workload, such as with the requirement for a periodic inventory of specified items or the need to observe the destruction of materiel. The SCO will maintain EUM records in the Security Cooperation Information Portal (SCIP).

The SCO should recognize possible host nation sensitivity about this function, which may be incorrectly viewed as a lack of trust on the part of the USG, rather than a legislated requirement by Congress and an arrangement to which they agreed upon signing of the LOA. A key challenge for the SCO is to cultivate a cooperative, rather than confrontational, atmosphere over this function. The DOD requirements for EUM are formalized by DSCA in the “Golden Sentry” program for articles transferred through government channels (e.g., FMS, excess defense articles, etc.). The SCO will periodically be called upon to coordinate and host a DSCA-sponsored visit under the Golden Sentry program, during which compliance by the host nation with EUM guidelines is assessed. For those articles transferred through DCS, the guidelines are established by the DOS in its “Blue Lantern” program. It is not unusual for the SCO to assist the embassy Blue Lantern officer with inspections. An in-depth discussion of EUM is found in chapter 8 of the SAMM and chapter 18 of this textbook, “End-Use Monitoring and Third-Party Transfers.”

Evaluation of Host-nation Military Capabilities and Requirements

The planning tasks of the SCO are identified in SAMM paragraphs C2.1.3 and C2.3. The SCO’s responsibility for evaluating partner nation capabilities and conducting necessary planning to meet requirements is specified in FAA section 515(a) and is central to the military assistance planning and budget cycles of both DOD and DOS. The SCO Chief plays a central role in SA strategy development and program planning and an important role in the development of all other DOD, CCMD, Component Command, and Military Department (MILDEPs) activities to ensure these activities are supportive of US regional and country-specific military strategies; are appropriate to partner nation needs and political and cultural sensitivities; and promote rationalization, standardization, and interoperability within the partner nation forces and with the US. The broader process of Joint Security Cooperation planning is further explained in chapter 19 of this textbook.

SAMM C2.1.3.2 and C2.1.3.3 elaborate on the SCO’s responsibilities in regard to the CCMD’s Country Plan, and the requirement to ensure DOD objectives are achievable, and in concert with the Ambassador’s Integrated Country Strategy. SCOs focus upon the country-specific component of the SC plan, commonly called the Country Plan, which specifies the CDR’s near and mid-term objectives and desired end-states for SC with a given country and describes the methods to be used in obtaining them. SCOs shape development of Country Plans via regular contact with CCMD J5 country desk officers, and through the CCMD J5-sponsored regional and country-focused working groups scheduled throughout the year. A firm understanding of the CCMD theater campaign plan (TCP) is essential to the SCO in advocating DOD and CCMD priorities and strategies to the embassy country team and partner nation, and in planning and budgeting resources to support TCP country-specific objectives.

Whenever possible, the SCO assists the partner nation in strategic planning and informs partner nation decision-making with regard to procurement of US equipment, training, and services. SCOs encourage pursuit of US military equipment and training appropriate to the partner nation's strategic environment, technical capability, and ability to reasonably afford and maintain this equipment. Discussions and correspondence between DOD representatives and foreign officials on the development of plans, programs, and related data are conducted with the mutual understanding that the discussions do not constitute or imply any commitment on the part of the US.

Rationalization, Standardization, and Interoperability (RSI)

As previously mentioned, the FAA requires SCOs to promote RSI with the host nation. RSI is not limited to standardization of equipment and ammunition and interchangeability of repair parts. Rather, it covers the full spectrum of operations and logistics, including, for example, military doctrine, communications, medical, and mapping functions. DOD's policy is governed by CJCSI 2700.01E, *International Military Agreements for Rationalization, Standardization, and Interoperability (RSI) between the United States, Its Allies, and Other Friendly Nations*. The policy can be summarized as follows:

- US interoperability with its allies, coalition partners, multinational organizations, and other friendly nations is in the best interests of the US
- The degree of RSI with any given partner is subject to financial, technical, and policy considerations
- Worldwide standardization with friends and allies is a goal, but should not impede efforts at the regional or bilateral level
- Enhancing multinational military operations and warfighting capability is the key objective

Opportunities abound for the SCO to interact with host nation military, security, and civilian leaders during which concepts of RSI can be discussed and debated. Ultimately, if the host nation is obtaining articles, services, and training from the US, RSI is being promoted to some degree.

SCO SECURITY COOPERATION DUTIES

In addition to the traditional SA functions just described, the SCO also typically manages a variety of SC programs, many of which are addressed in chapter 1 of this text, "Introduction to Security Cooperation." Combined exercises, military-to-military activities, humanitarian assistance programs (with many developing countries), and armaments cooperation (with selected developed countries) are prime examples. No two countries will have the same combination of, or emphasis on, SC activities. Where possible, the SCO should integrate SC activities with traditional SA to advance the US goals and objectives for the host nation. The SAMM chapter 2.1.7 lists the following as SC activities for SCOs.

Title 10 Programs and Activities

Some Title 10 SC programs will be executed using the FMS infrastructure as the administrative foundation. These programs are referred to as Building Partner Capacity (BPC) programs.

Congress has authorized DOD to use Title 10 funds to acquire articles and services for our partners. Those BPC programs can be a benefit to the partner nation because timelines for BPC funding require quick actions and reactions. It is important for SCOs to realize how much greater their involvement will be with BPC cases. The process begins and essentially ends with the SCO, as opposed to the normal FMS process in which the host nation has the greater activity. Despite the fact that many of the BPC programs have short funding life-spans, SCO personnel will spend significant time in preparing the documents,

interacting with the benefitting country, receiving the materiel or facilitating the services/training, and associated activities. It is essential that pursuit of BPC program funds is coordinated extensively with the CCMD, DSCA, the IAs, and DOS as the process moves forward. Further details of BPC programs and the BPC process are discussed in the SAMM chapter 15, and chapter 6 of this textbook. Specific SCO responsibilities regarding BPC programs are summarized here:

- Maintain a copy of the FAA, section 505 Agreement and other relevant agreements between the USG and the Benefitting Country
- Provide interface for exchange of cooperative requirements information among the Benefitting Country, the Country Team within the US Embassy, and the DOD components responsible for the BPC case
- Provide a detailed explanation and a list of required defense articles and services to support Congressional Notification, as requested
- Provide destination shipping information for inclusion in the memorandum of request (MOR)
- Present the Case Advisory document to the Benefitting Country prior to shipment of defense articles and services; record the name of the receiving Benefitting Country representative and the date of presentation
- Obtain the signed Benefitting Country's Physical Security and Accountability Plan no later than thirty days prior to delivery of any enhanced EUM (EEUM) materiel, and provide a copy to DSCA (Programs Directorate)
- Coordinate with the IA and the Benefitting Country to prepare and arrange for receipt of BPC program defense articles and services; provide advance notification of delivery to the Benefitting Country to coordinate receipt and security of case materiel
- Prepare and submit Transportation Discrepancy Reports (TDRs) and Supply Discrepancy Reports (SDRs) in accordance with guidance provided to foreign purchasers
- Prepare the Transfer and Receipt of Materiel and Services document and obtain signature from the Benefitting Country representative; record when, where, and to whom delivery of materiel was made
- Maintain all records pertaining to Benefitting Country notifications and BPC case documentation

International Armaments Cooperation (IAC)

SCOs with IAC responsibilities should maintain and review the OSD (AT&L) International Cooperation in Acquisition, Technology, and Logistics Handbook. Chapter 10 of the handbook addresses the role of the SCO in IAC. The term IAC covers a multi-faceted area in which the US cooperates with other countries and international organizations to research, develop, acquire and sustain military systems. IAC encompasses a variety of individual programs, including the Information Exchange Program (IEP), the Engineer and Scientist Exchange Program (ESEP), Foreign Comparative Testing, Cooperative Research, Development and Acquisition, Test and Evaluation, Defense Trade, and Cooperative Logistics. The in-country personnel overseeing IAC programs usually fall under the supervision and oversight of the SCO Chief (or SDO/DATT in the absence of a SCO). Be aware that the individuals executing the actual programs in and with the host nation may be in some type of formal exchange program and therefore not assigned to the SCO or under its supervision. If there are no Armaments Cooperation personnel assigned to the SCO, the SCO chief is responsible for IAC support functions to the degree that resources permit.

Humanitarian Assistance (HA) Programs

As another method with which to engage the partner nation, the SCO could integrate HA activities into CCMD security cooperation planning. DOD humanitarian-focused programs and activities include HA events and projects, Humanitarian Assistance Program–Excess Property (HAP-EP), Humanitarian Mine Action (HMA), Denton (Space Available) and Funded Transportation, and Foreign Disaster Relief (FDR). SAMM chapter 12 provides a detailed description of HA programs and processes. A related program not funded like the others listed above is Humanitarian and Civic Assistance (HCA), a Joint Staff approved engagement in which the primary training is for US forces, with the final product remaining with the partner nation.

The CCMD J4 is generally the focal point for processing requests throughout the command. The requests start in the SCO, gain concurrence from the Ambassador and the USAID representative and then to the CCMD and higher via a database known as Overseas Humanitarian Assistance Shared Information System (OHASIS). Once the SCO has worked with the host nation to identify possible HA projects, the request is entered into OHASIS to flow through the system. The funding process, like most activities in the SCO, is usually designed for the year after the fiscal year in which it is submitted, e.g., submitted by the SCO in October 2015 for projects to occur after October 2016. The annual flow is indicated in the SAMM figure C12.F1.

Other Non-SA Functions

The SCO may also perform other non-SA military functions (SC functions, by definition) required by the CCMD and JCS, such as exercise planning and coordination, port visits, coordination of bilateral meetings, coordination of the National Guard State Partnership Program (SPP), and coordination of Acquisition and Cross-Servicing Agreements (ACSA). CCMDs exercise oversight responsibility for in-theater execution of these activities and provide information and direction to SCOs as necessary. If such duties are to be executed on a continuous basis, the CCMD should conduct a review to determine appropriate funding categories and ensure that the SCO is adequately staffed and funded to perform the added functions. The SCO should be cognizant of the balance between SA and SC activities. The SCO billets that are SA-funded should have the majority of their time spent on SA activities, as the host nation is funding those positions. The SCO should work closely with the CCMD to determine whether additional Title-10 billets (permanent or temporary) are a viable option to meet mission requirements (e.g., liaison officers from the combatant commands for exercises or deployments to country).

As will be discussed shortly, other non-SA functions may involve requests from the US Ambassador and the embassy staff for support for US mission activities in the partner nation. Given the “diplomat-warrior” nature of the SCO, these requests must be weighted appropriately and resources assigned as available to put USG priorities into effect in the partner nation.

Administrative Support to Non-SA Missions and Personnel

The SA-funded members of the SCO may provide standard administrative support for non-SA personnel assigned/attached/TDY to the SCO performing SC and DOD functions until such support detracts from the primary SA mission. The SDO/DATT determines when additional administrative support is required and should coordinate with the respective CCMD to request temporary augmentation or the addition of a non-SA funded billet for longer arrangements. For some activities, the SDO/DATT may request that the executive agent for a planned or ongoing activity provide temporary augmentation.

General Advisory and Training Assistance

SA-funded personnel may provide limited advisory and training assistance to the host nation military establishment. However, in accordance with section 515 of the FAA, this assistance must be minimal

and cannot interfere with the primary performance of SA management responsibilities. Actual military training must not be performed by SCO members.

SECURITY COOPERATION EDUCATION AND TRAINING (SCET) TEAMS

SCO personnel have a mandate from Congress to act in a management, coordination, and liaison capacity for SC programs. They are generally not to provide training or technical assistance. These functions are defense services and should be specifically authorized and priced. Training and technical assistance are paid for by the host nation normally through the FMS process. When these functions are performed in-country, they are normally done by SCET teams. These teams act as an extension of the SCO; their presence, administrative support, and force protection must be coordinated in advance with the embassy country team.

According to section 515(b), FAA, “advisory and training assistance” conducted by SCO personnel shall be kept to an absolute minimum: “It is the sense of Congress that advising and training assistance in countries to which military personnel (i.e., SCOs) are assigned under this section shall be provided primarily by other personnel.”

SCET teams are detailed for limited periods to perform specific tasks. Likewise, advisory assistance by SCOs must not extend to combat operations. SCOs must refer any such requests to the Ambassador and the CCMD.

There are a variety of SCET teams that may be dispatched to a country for training or other missions. Teams may be deployed on either a permanent or temporary basis. Some teams have an official existence of ten years or longer. A source of funding is required to establish and maintain a team. Typically this source of funding is an FMS case or the country’s current year IMET program. The term “team” is used loosely as it can in fact consist of a single individual. The following is a listing of the common types of SCET teams. The terminology sometimes varies according to the US military service providing the team.

- Extended training service specialist (ETSS)
- Contract field services (CFS)
- Technical assistance field teams (TAFT)
- Mobile education teams (MET)
- Mobile training teams (MTT)
- Technical assistance teams (TAT)
- Language training detachments (LTD)
- Weapon system logistics officers (WSLO)
- Quality assurance teams (QAT)
- Site survey teams
- Expeditionary requirements generation teams (ERGT)

SCO Oversight and Support of Security Cooperation Education and Training (SCET) Teams

Guidance on SCETs, including the requirement for SCO oversight and support, is found at SAMM, section C11.8.11, including table C11.T17. The SCO Chief exercises operational and administrative

control/oversight for, and provides administrative support to in-country SCETs. Specific duties vary based on the duration of the SCET activity but may include the following:

- Forecast SCET requirements and include these requirements in CCMD out-year Theater Security Cooperation (TSC) planning and SCO Combined Education and Training Program Plan
- Submit formal SCET team requests at annual Security Cooperation Education and Training Working Group (SCETWG) meetings; submit out-of-cycle SCET team requests to the appropriate MILDEP with copies to other stakeholders
- Conduct coordination with the host nation and the appropriate MILDEP or training organization to identify, validate, and refine training and training support requirements
- Assist the MILDEP identify country and/or case unique management and administrative duties in the implementing program directive
- Ensure necessary equipment, instruction, facilities, and technical publications are available before or upon SCET team arrival in country
- Ensure foreign personnel to be trained meet the prerequisites necessary to comprehend the technical level of the training to be provided
- Exercise operational and administrative oversight over the in-country SCET team and ensure the team's activities are consistent with the CCMD theater campaign plan (TCP) and Embassy Integrated Country Strategy (ICS)
- Review residential leases to ensure quarters are appropriate for rank and dependent status of team members and comply with DOD and DOS standards. The SCO ensures each lease request is submitted to the Embassy Interagency Housing Board, if required, for approval prior to signature by the appropriate contracting officer. If higher headquarters approval is required, ensure the Embassy Interagency Housing Board reviews the request before forwarding the lease to the Implementing Agency (IA) case manager.
- Establish procedures to review all team TDYs and approve requests for out-of-country travel
- Review SCET team chief's request for annual funding prior to submission to the IA team manager
- Review SCET team request for purchase of Quality of Life (QOL) and/or Mission Sustainment (MS) items and items required to execute the team training and/or technical assistance mission. The SCO provides the MILDEP and the CCMD and/or designated Regional Component Command with an itemized listing of recommended QOL and MS articles to be included in the LOA. SCOs ensure the requested items are authorized in the LOA under which the team operates and that vendor discussions and actual purchases are made through a USG contracting office.
- Ensure team chief establishes supply and/or equipment accountability records that provide a complete audit trail from item acquisition to disposal. All non-expendable, durable property costing \$50.00 or more is recorded on a property record.
- Review team property and inventory records for accuracy. Ensure continuous in-country accountability is maintained by conducting a physical inventory prior to team and/or team chief departure from country. As a minimum, physical inventories for PCS teams are conducted annually.

- Perform periodic reviews of team petty cash funds to ensure funds are adequately protected and cash management is in accordance with Embassy budget and fiscal office procedures
- Assist SCET team chief with establishing procedures with the Embassy for payroll support of any Foreign Service employees hired to support the SCET team
- Prior to SCET team/team chief departure from country, conduct an after action review (AAR) and, with the team chief, provide inputs into the Global-Theater Security Cooperation Information Management System (G-TSCMIS)
- Ensure the SCET team chief provides formal after-action report within thirty days of completion of the team's mission

SUPPORT TO US DEFENSE INDUSTRY

The SCO is the principal point of contact in US missions for most US defense industry representatives marketing defense equipment. SCOs support the marketing efforts of US companies while maintaining strict neutrality between US competitors. The SCO facilitates the flow of US systems information, subject to releasability and export licensing considerations, while avoiding advocacy of a program with a specific US producer, if multiple US entities are involved. SCOs should be well informed about, and responsive to, US defense industry interests in the host country. The SCO should draw on resident Embassy experts (e.g., Commercial Attaché, or the Economic and Political Counselors) to inform industry representatives of the country's financial position, any International Monetary Fund controls and restrictions on credit, and the relationship between the Ministry of Defense and other government branches. Further details on support to US defense industry are covered in SAMM C2.1.8.

Rules Of Engagement with United States Industry

While SA is principally a foreign policy tool for the USG, it also provides benefits to US industry in the form of sales, jobs, and profits. Nearly all FMS cases involve procurement of goods and services, directly or indirectly, from US industry. For reasons of foreign policy, standardization and interoperability with US forces, and economic self-interest, it is to the advantage of the US that other countries buy American when they identify a military requirement. In this regard, the relationship between SCO personnel and representatives of US industry, although unofficial, is important. Note the following extracts of applicable documents:

- This support will include, as appropriate, such steps as: tasking our overseas mission personnel to support overseas marketing efforts of US companies bidding on defense contracts; actively involving senior government officials in promoting transfers that are of particular importance to the US; and supporting official DOD participation in international air and trade exhibitions when the Secretary of Defense, in accordance with existing law, determines such participation to be in the national interest and notifies the Congress [Presidential Policy Directive (PPD)-27, US Conventional Arms Transfer Policy, dated 15 Jan 2014].
- The DOD is committed to greater cooperation with US industry to facilitate sales of US defense articles and services when in support of US national security and foreign policy objectives. DOD is prepared to assist and cooperate with US industry regardless of the type of sale, e.g., DCS, FMS, or a combination of the two [OSD Memorandum, 05 May 1999, Subject: Department of Defense Policy for Relations with US Industry in Sales of Defense Articles and Services to Foreign Governments]. See attachment 4-2, "SCO-Industry Relations," for the complete memorandum.

Promotion of US Defense Industry

The SCO is normally the primary point of contact in a US embassy for American defense industry representatives. The SCO can play a key role in facilitating the exchange of information between host nation officials and US vendors. The SCO must, however, maintain strict neutrality between US firms competing for the same potential sale and should not endorse one specific American product or vendor over another to the host nation unless specifically directed by higher DOD or USG authority. In cases where it is clear that there is only one US source of production for a certain product, the SCO may endorse that American product to the host nation. While supporting US industry, the SCO must also be an honest broker, considering both US and host nation defense and policy interests. Should the SCO judge that the marketing and/or sale of a product is not consistent with US interests, or is inappropriate for the host nation's best interests, or could adversely impact US credibility or bilateral relations, the SCO should relay these concerns to the Ambassador, DSCA, and the CCMD.

Security Cooperation Organization Support to US Defense Industry

The SAMM, section C2.1.8, is the primary source for policy guidance on the interface between SCOs and US industry. Attachment 4-3 is a briefing checklist for SCO personnel for use in meetings with representatives of US defense vendors. Upon request, the SCO can provide the vendor with a wide range of unclassified information pertaining to the host nation. This typically includes defense organization charts, names of key decision makers, budget process and spending limits, current and proposed requirements, information on any foreign competitors, and capabilities of the host nation defense industry, as applicable. Additionally, the SCO can:

- Provide advice on sales tactics to include unique cultural aspects of conducting business in that country
- Assist with appointments with host nation officials
- Provide specific information on the host nation acquisition and decision-making process
- Offer realistic estimates of what the country will probably buy

If possible, the SCO should attend vendor meetings with the host nation to prepare for host nation officials seeking follow-up information. The SCO must ensure a level playing field in country among US vendors competing for the same potential sale unless directed to do otherwise. Assistance rendered to one must be offered to a competitor. Likewise, the SCO must not disclose information about a US vendor that may provide an unfair advantage to its American competitor. The SCO should encourage industry representatives to debrief the SCO on the results of their in-country marketing efforts and their future plans.

It is appropriate here to bring to mind a section of the FAA reviewed in chapter 2 of this text book: The President shall continue to instruct US diplomatic and military personnel in US missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of US-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch [section 515(f), FAA]. The SCO, of course, is not a representative of the defense industry partner and must carefully balance the interaction with the host nation regarding industry issues. The SAMM gives straightforward guidance on interactions.

Role of the Department of Commerce and the Commercial Attaché

From a security cooperation perspective, the primary interactions with the Department of Commerce will be on trade promotion and regulation enforcement. The two primary points of contact for security

cooperation are the Advocacy Center/Foreign Commercial Service and the Bureau of Industry and Security.

Advocacy Center

The Advocacy Center (AC), in close cooperation with the Foreign Commercial Service (FCS), provides executive branch support, both military and civilian, to US exporters seeking foreign government contracts. These efforts can often support security cooperation objectives. Generally, the point of contact for the AC is often a member of the FCS section at the US embassy. Most US embassies have a FCS section or are supported by a FCS section from a partner US embassy in the region. A FCS officer usually staffs the senior commercial position on the country team.

Companies seeking to obtain USG advocacy support on foreign public procurement opportunities would apply to the AC via an advocacy questionnaire. The AC will then vet the company, product, and procurement through the US embassy Commercial Section and the SCO. If the SCO supports the request, the AC then channels the advocacy request through security cooperation offices at the DOD and DOS to ensure that commercial offerings align with national policy and security cooperation goals both in-country and through the relevant CCMD. An advocacy request is approved only after all stakeholders agree to support the company and project. The AC makes a National Interest Determination finding that a company's offering is in the national interest thereby becoming an AC case which enables the AC to request resources throughout the Executive Branch, up to and including President and Cabinet-level officials, in order to promote the sale on behalf of the company/companies. All AC advocacy actions are coordinated with the company, US embassy, and offices in DC beforehand. Requests for advocacy from companies are approved on a case-by-case basis and for a specific procurement. The AC supports both FMS and DCS sales as well as purely commercial product sales (which are not described here). Competition is usually present in AC cases where advocacy efforts not only encourage adoption of the US offering from a security cooperation perspective but also work to counter influences from foreign governments on behalf of their own exporters' products. For US embassies without a FCS section, questions regarding trade promotion and USG advocacy support can be directed to the AC. Current information about the AC and its services is located at <http://export.gov/advocacy>.

Bureau of Industry and Security

The Bureau of Industry and Security (BIS) is responsible for the enforcement of the Commerce Control List and the licensing of included items, often described as "dual-use" items, which may have both civilian and military purposes or uses. End use monitoring and pre-license checks are managed by BIS and may be encountered at post.

MISCELLANEOUS FUNCTIONS

In addition to their primary duties, SCOs perform a wide variety of collateral functions, both operational and administrative in nature. The more common functions are described below.

SCO Personnel Selection

Personnel are nominated to SCO positions in accordance with the criteria established in DODI 5132.13, *Staffing of Security Cooperation Organizations (SCOs) and the Selection and Training of Security Cooperation Personnel*. Military and civilian personnel selected to serve in a SCO shall possess the demonstrated personal and professional qualifications necessary to effectively carry out the functions to which they are assigned. Prior to consideration, it is essential that personnel are screened carefully to ensure that the selectee has the appropriate qualifications, experience, and suitability for the assignment.

Prior to selection, all prospective candidates for SCO assignment will receive detailed information specific to the foreign area for which they are being considered. It is critical that prospective SCOs

understand that life in the embassy is significantly different than living at or near a regular military base. Experience living and working at a Geographically Separated Unit (GSU) will be beneficial. The embassy life is usually hundreds to thousands of miles from headquarters or regular military facilities. The military staffs are usually very small and of a “joint” nature; conditions for which many military members and spouses are rarely prepared. This apparent “isolation” from the military can be mentally challenging. The community normally available to the military member then becomes the host nation, the expatriate community, and the US embassy staff and families. Very few of these new contacts will have military backgrounds or experience so adjusting attitudes becomes a two-way street and can be a growth experience for both the military family and the new contacts. Additionally, if the prospective SCO is most comfortable staying in the office and sending emails, a different path should be chosen, as building relationships with most partner nations requires getting out of the office and engaging the partners frequently. Information provided to the prospective SCO must include the type of facilities and services available to the member and his/her family, the nature of the mission to be performed, the conditions of their employment, and their conduct and responsibilities as official representatives of the US.

Most SCO positions are nominative, joint duty billets. Requirements for nomination may entail slightly different criteria from the norm with respect to civilian education, training, language qualifications, military schooling, experience, area familiarity, health, and family considerations. chapter 17 of this textbook, “Resource Management for the Security Cooperation Organization,” contains a deeper discussion of the human resources of the SCO, including personnel billets and manpower issues.

Anti-Terrorism/Force Protection Responsibilities

The SDO/DATT has additional responsibilities for anti-terrorism and force protection (AT/FP), as indicated in DODD 5205.75, *Department of Defense Operations at US Embassies*. For most US missions, a Memorandum of Agreement (MOA) on AT/FP responsibilities is in effect between the Ambassador and the CCMD. The MOA delineates whether the Ambassador or the CCMD has AT/FP responsibility for DOD personnel and dependents in country. The SDO/DATT must work closely with the embassy’s regional security officer (RSO) and the AT/FP points-of-contact at the CCMD.

It is a responsibility of all members of the embassy team, to include the SCO, to identify potential weaknesses in the AT/FP posture. For issues identified by SCO members, inform the SDO/DATT who can pass them to the embassy’s RSO for resolution. In the event of limited funding by the RSO, the SDO/DATT should engage the CCMD for resolution.

Security

SCOs are responsible for safeguarding US SC-related classified information located in foreign countries. Except for classified information authorized for release to a foreign government or international organization pursuant to DOD Directive 5230.11, and under the security control of that government or organization, the retention of US classified material is authorized only if it is necessary to satisfy USG mission requirements. Further details regarding SCO responsibilities with regard to security are addressed in SAMM C2.1.9.

Administrative and Logistical Responsibilities

As a largely stand-alone office, the SCO is responsible for numerous administrative functions. Depending on the issue, the SCO may rely on the CCMD or the embassy, or both, for policy guidance and support in accomplishing these tasks.

These responsibilities become especially challenging in smaller SCOs with few personnel assigned. As members of the embassy staff, SCO personnel may also be called upon to perform duties in support of the embassy community. Examples of these duties include serving as a member of various committees

such as housing boards, LE Staff personnel boards, ICASS council, embassy employees club, and organizing committees for community events.

The SCO administrative and logistical duties described in SAMM C2.1.10 are listed in table 4-1:

**Table 4-1
SCO Other Administrative and Logistical Responsibilities**

Administrative Management	Property Management
Budgeting	Professional Development
Financial Management	Visitor Support
Personnel Management	Information Technology Administration
Representational and Public Affairs Duties	Translation Services
Information Support for the Country Team, CCMD, and DSCA	Establishing and Manning of SCOs

SCO administrative and logistical guidance is provided by the tri-service regulation, *Administrative and Logistical Support of Overseas Security Assistance Organizations*, AR 1-75, SECNAVINST 4900.49, and AFI 16-104 (inter-service). In part, this regulation provides the following guidance to SCOs:

- Submit administrative and logistical support requirements to the CCMD in accordance with this regulation and guidance issued by the CCMD, MILDEPs, and DSCA
- Represent all DOD activities assigned to the SCO for administrative support on the international cooperative administrative support services (ICASS) council, request required administrative support, and where required by the CCMD, negotiate ICASS agreements for non-SA DOD activities assigned to the SCO for administrative support and coordinate billing/reimbursement requirements between the DOS and DOD activities and parent commands
- Ensure that ICASS financial charges to SCOs are prepared accurately
- Provide the MILDEPs with current information on desired or required routing for travel and training for SCO and SA teams' personnel and their dependents, as well as movement of household goods, personal baggage, and privately owned vehicles

Chapter 17 of this textbook, "Resource Management for the Security Cooperation Organization," provides additional details on these functions.

US EMBASSY CRISIS MANAGEMENT

During a crisis, the Chief of Mission (COM) is responsible for making all decisions with regards to the safety and well-being of American citizens in the country. The COM makes these decisions by relying on the advice of the Emergency Action Committee (EAC). The EAC is led by the Deputy Chief of Mission (DCM) and is composed of members of the embassy country team. The EAC is responsible for devising courses of action to deal with any potential crisis that could occur in country and/or within the region. These courses of action to deal with emergency situations are post- specific and known officially as the *Emergency Action Plan* (EAP). DOS *Foreign Affairs Handbook* volume 12 (12 FAH-1) [aka *Emergency Planning Handbook* (EPH)] is the overarching doctrine that provides the framework for the EAP.

In response to a crisis, i.e., natural disaster, civil disorder, hijacking, hostage taking, bomb attack, etc., the EAC is activated and all members evaluate the situation and decide on a course of action. The EAC makes their recommendation to the COM, who may request a reduction in the number of American personnel in country through either an Authorized or Ordered Departure. During an Authorized Departure, non-emergency personnel and eligible family members may leave the post. During an Ordered departure, non-emergency personnel and eligible family members must leave the post. For both types of departures, the usual method is via commercial air. If the COM determines that an Authorized or Ordered Departure is needed, the request is submitted to the DOS Under Secretary for Management for approval. The Under Secretary for Management coordinates with the Secretary of State and informs the Ambassador. The message is then disseminated throughout the mission community. In Authorized or Ordered Departure status, individuals who depart the post must stay outside the country for 30 days. If the post remains in an evacuation status for six months, the post becomes an unaccompanied post.

More serious crises could lead to the Secretary of State formally requesting from the President that DOD assets be used to execute a Noncombatant Evacuation Operation (NEO). A NEO is usually a response to a more immediate and urgent situation and involves military resources being used to evacuate noncombatants, nonessential military personnel, selected host-nation citizens, and third country nationals who are in danger to an appropriate safe haven. DOD assets or military resources used for more serious crises include Marine Expeditionary Units (MEU), which actually conduct NEOs; Survey and Assessment Teams (SAT), which are deployed by the regional commander to provide advice to the Ambassador and facilitate possible follow-on military assistance; and/or Fleet Antiterrorism Security Teams (FAST), which are teams of Marines sent to the post as security reinforcements.

SECURITY COOPERATION ORGANIZATION TRAVEL AND TRANSPORTATION

Air Travel

SCO personnel must adhere to the standard DOD requirements for travel and transportation, as found in the *Joint Travel Regulations* (JTR). This includes the requirement to use economy-class (coach) accommodations for all travel on common air carriers unless an exception for premium-class is authorized by a designated official. Additionally, it includes the requirement to use a contract commercial travel office, normally available in the local US embassy, for all official travel requirements.

Military air transportation is rarely available or convenient for SCO personnel, so most of their travel is conducted via commercial air. However, there may be unusual circumstances involving personal security or cost efficiencies that warrant military air. SCO personnel are expected to be alert to opportunities to use military air where appropriate, both for themselves and their DOD visitors in country. However, this must be balanced with host nation entry/exit requirements. For example, if a visitor arrives via commercial air and plans to depart via opportune military airlift, the SDO/DATT and US embassy must clear the visitor with host nation immigration officials. SCOs in a few countries have DSCA-managed C-12 aircraft that are useful for mission-oriented in-country and regional travel. In other countries, DIA operates C-12 aircraft that may be available for SCO official use. SAMM C11.1 contains policies and procedures for SCO use of C-12 aircraft.

Regardless of the source of funds for official travel, the SCO is expected to be a good steward of USG resources. If official travel is manipulated in order to acquire frequent flyer miles or other promotional items and results in an increased cost to the government, it is a violation of the Joint Ethics Regulation and potentially a violation of criminal law as well. If the SDO/DATT cannot resolve a SCO travel issue by reference to the JTR, the matter should be referred to the CCMD for guidance or resolution.

Vehicle Transportation

Most SCOs have an authorization for USG motor vehicles to support their official duties. DOD guidance stems from DOD 4500.36-R, *Management, Acquisition, and Use of Motor Vehicles*, which

is supplemented by regulations at the CCMD or other levels. The use of all motor vehicles, including those leased from commercial sources, is restricted to official purposes only. Whether a use is for an official purpose is a matter of administrative discretion by the SDO/DATT. If a question arises about the scope of the discretion, it should be resolved in favor of strict compliance with DOD policy. Factors to consider include whether the transportation is essential to a DOD function, activity, or operation, and whether the use of the vehicle is consistent with the purposes for which it was acquired.

Both US law and DOD policy prescribe penalties for unauthorized or willful misuse of a government-owned or government-leased vehicle. As with air travel, an issue involving SCO vehicle transportation should be referred to the CCMD for resolution.

The rules for the use of employee-leased vehicles (rental cars) are the same as for government motor vehicles. When on official travel, one may use that vehicle only for official purposes. The traveler does not have the option of using the vehicle for both official and unofficial purposes and claiming reimbursement solely for the official use.

Domicile to Duty Transportation

Under long-standing US law, commuting by government employees between their residence and place of duty is treated as a personal obligation and expense. The law currently authorizes only fifteen senior DOD officials by duty position to receive domicile to duty transportation (DTDT). However, 10 U.S.C. 2637 allows the SECDEF to delegate to CCMDs the authority for approving DTDT for selected personnel (including SCO personnel) stationed overseas in their area of responsibility. This authorization is made by the CCMD based on a determination that “public or private transportation in such area is unsafe or unavailable.” Such authorizations must be made in writing and may not exceed one year in duration, although they may be renewed; CCMDs review the DTDT authorizations every six months. SDO/DATTs may request DTDT authorization for their SCO from their CCMD if they believe local conditions warrant it. DTDT is treated as an employer-provided fringe benefit that is taxable under current law. However, it must be stressed that, where authorized, DTDT exists for the safety and security of DOD personnel, not as a benefit. DOD 4500.36-R, chapter 4, provides DOD-level guidance on DTDT.

Dealing with the Press

If interaction with members of press is required, such as an interview or a press release, it is strongly recommended (should be considered mandatory) the SCO consults with embassy Public Affairs office. The embassy Public Affairs office can provide the Ambassador’s perspectives and talking points as well as background on the sensitivities and issues of the host nation government and its citizens. The SCO should also coordinate with the respective CCMD Public Affairs Office to obtain the CCMD’s position on the issue(s). Additionally, the CCMD Public Affairs Office may determine that a higher level of clearance is needed; the request will then be passed up the chain of command to appropriate offices, most likely OSD/PA. Be aware that the timing required to get clearance from higher headquarters is not instantaneous, in fact, may take several days to weeks. The SDO/DATT and the Defense Attaché Officers have their own very tight restrictions for speaking with the press from the Defense Intelligence Agency. This means the SCO may be called upon by the SDO/DATT and ambassador to speak to the press regarding bilateral or multinational events taking place in country. Beyond the embassy PAO and the CCMD, the SCO should also keep DSCA/PA informed during the entire process.

Once the media event has been cleared, work closely with the embassy Public Affairs Office to prepare for the event. There are three parts to a successful media event: (1) know the issues and the audience; (2) develop a message; (3) practice and stay on your message. It is strongly recommended that a knowledgeable member of the embassy’s PAO accompany the SCO to the interview. Remember, the media is always looking for a story and will fill in the gaps in the most sensational way possible.

By carefully crafting a clear message and communicating it well, the SCO has the opportunity to make sure the story is presented to the public correctly and in the proper context.

SCOs also shoulder the burden of writing summaries of SC events. Expect embassy PAOs to have limited knowledge of “military speak,” so it is important for the SCO to work closely with them, for their education, for the SCO’s education, and to present a coherent “public speak” message. Based on after-action reports and first-hand knowledge, it is important for SCOs to practice writing skills in order to present all the great things happening in the bilateral relationship on the embassy, and perhaps CCMD, webpages.

HANDLING OFFICIAL VISITORS WHILE OVERSEAS

The Ambassador is generally delegated the authority from the Host Nation Ministry of Foreign Affairs for clearing US personnel into the country. For DOD personnel, the Ambassador then generally delegates this task to the SDO/DATT, who retains overall responsibility for all DOD visitors to the host country. The SCO will be responsible for visitors it sponsors and for other support that may be required for larger visits. Note that for host nation visitors to the US, responsibility will be determined by the organization sponsoring the trip to the US; more info on this activity can be found in chapter 7.

The Foreign Clearance Guide (FCG)

The FCG is the authoritative reference for DOD-sponsored travel overseas. It applies to the all DOD service members, civilian employees, and sponsored contractors. The authoritative version of the FCG is strictly the online version, which is continually updated. It is located at: <https://www.fcg.pentagon.mil/fcg.cfm>. All DOD travelers must check the FCG instruction on traveling to the subject country and for requirements for requesting country clearance from the DOD and/or the DOS. Normally, the DAO drafts the input/updates to the FCG entry for the host nation and likewise provides the formal country clearance upon receipt of request in the automated country clearance system.

Automated Country Clearance Requests

Both DOD and DOS use automated, web-based systems to request and approve/disapprove country clearances. The DOD system is called the Aircraft and Personnel Automated Clearance System (APACS). The first step in accessing APACS is to request an APACS account at the APACS homepage, address shown here: <https://apacs.dtic.mil>. Once you have an account, tutorial and full user manual is available online. Approvals within APACS fall under the authority of the SDO/DATT.

The DOS system is called the Electronic Country Clearance (eCC) system, aka “e” Country Clearance. The FCG will indicate if you must submit a country clearance request via this system in addition to or in lieu of APACS. The eCC is separate and distinct from APACS, so be aware of the need to do two entries, if required. To request an account go to <https://ecc.state.gov/security/EccLogin.aspx>. Once you submit the request, it goes to the approver at the US embassy.

Diplomatic Aircraft Clearances

While there are many types of flights, the aircraft clearance itself will generally be handled in the same way. As with personnel clearances, the FCG lays out the requirements for in-bound aircraft to request diplomatic clearance. Similarly, APACS is used to process an aircraft clearances requests. Normally, the DAO will process these requests and provide a diplomatic note requesting host nation approval. Once approved by the host nation government, the DAO communicates this clearance back to the aircraft mission planners via APACS. In addition to the support requested in the country clearance request, it’s generally a good idea for the party meeting the aircraft to contact the flying unit to discuss specific requirements and local conditions.

Ship Visits

A ship visit is significantly more complicated than an aircraft clearance due to the increased logistical requirements. Moreover, ship visits may also integrate a number of individual events—reception aboard and ashore, DV visits, official office calls, community events—events that require a good deal of planning and coordination. The SCO should expect the Defense Attaché Office naval officer (ALUSNA) to take the lead in ship visits, but the size and complexity of the visit may warrant a request to the SCO to assist.

During the arrival, the SCO can assist the ship in coordinating ship services. An extra interpreter and an experienced naval officer can be of great use at this time. During the visit, the SDO/DATT will need to stay focused on the official calls and the social calendar. This phase can have all the complexities of a DV visit (our next topic) and the routine logistical challenges of a ship visit.

At the end of a ship visit, the most common problems are linked to billing for the ship. Typical issues include: vendors unable to provide bills in a timely manner or billing disputes; future visits may depend on previous trip bills being paid. During your planning, the SCO should encourage Naval Regional Contracting Center involvement to help prevent any potential problems.

Distinguished Visitor (DV)

DV visits are important and a necessary part of the SCO's duties. DVs visit specific countries to further USG policy in relation to the partner nation and region. As with all matters in country, the Ambassador is the approval authority for the visit and will determine which embassy agency will be responsible for the DV visit. Generally, the SDO/DATT will be the lead agency for all DOD visitors. The SDO/DATT will designate a control officer to be in charge of coordinating the many details required to conduct a successful DV visit. A non-exhaustive list of steps and ideas in planning for a DV:

1. Initial coordination (dates, times, purpose, availability of participants)
2. Detailed coordination (meetings, office calls, event plans)
 - a. Information needed in-country (by the Control officer and the Host nation)
 - b. Information needed by DV (agenda, talking points)
3. Planning considerations (billeting, transportation, comm, weapons)
4. Other issues (spouse agenda, weather plans, gift exchanges)
5. Post-visit cleanup

While the formal visit notification will come via APACS, informal notification by the visiting command's desk officer or executive assistant will likely come much earlier. The SDO/DATT will notify the SCO of the visit and designate a control officer. The control officer should build a coordination team to address specific portions of the visit: motorcade, hotel, airport, security, transportation, meeting attendees, receptions, etc. Once a tentative itinerary is developed, it may be advisable to informally coordinate with the DV's staff to gain an understanding of any "must see" or "will not do" portions of the plan. The control officer will then want to meet with the SDO/DATT and Ambassador to obtain an initial plan approval. Following the Ambassador's approval, the control officer will begin working the detailed itinerary with the DV's staff, the in-country team, and the partner nation. Here are a few key areas for consideration when planning and executing a DV visit:

- Coordinate early and often with the DV's staff point of contact
- Coordinate Media/Press plan (Embassy Public Affairs office must coordinate closely with DV staff)

- Ensure DV is briefed on local protocol, customs (kiss on the cheek, handshake, etc.)
- Uniform and civilian clothing requirements (Formal and Informal attire)
- Biographies of key host nation officials (provide phonetic pronunciation guide if required)
- Interpreter (speaks) / Translator (writes) requirements
- DV security requirements or limitations
- Identify core family and delegation members (will likely need separate itineraries for key members)
- Communication is vital throughout planning and execution (make sure you have a mobile cell phone charger, backup battery, etc.)

Contingency Planning (bad weather, vehicle malfunction, medical emergency, etc.)--Contingency planning for a DV visit is critical. One minor change can have a ripple effect throughout the whole itinerary. The control officer should think through the visit beforehand and “what if” the plan—bad weather, vehicle breakdown, lost bags, travel delays, traffic, and medical problems—and develop backup plans for each scenario. The control officer should know what parts of the itinerary can be modified or dropped and remain alert for partner nation surprises, remembering flexibility and access remain central to the visit.

Following the visit, it is important to ensure all financial obligations are resolved in a timely fashion. It is also a good idea to send “Thank You” letters to specific partner nation personnel that proved vital to the visit. Moreover, this will provide an opportunity to follow-up on any issues that arose during the visit. Lastly, ensure that a detailed after action report is completed, to include the important lessons learned section for use during the next DV visit.

LEGAL STATUS OVERSEAS

The legal status of SCO personnel who are performing their duties in foreign countries may be affected by the provisions of one or more treaties, international agreements, or laws. In most cases, the immunities afforded by these agreements are specific to the country and to the status of the individual involved. This section discusses the various immunities that may be afforded to DOD personnel stationed abroad.

Jurisdiction

A primary element of national sovereignty is the exercise of jurisdiction by a government over persons within its territory. The USG strives to obtain legally binding international agreements that provide protections and immunities for DOD personnel overseas. DOD personnel not accredited or otherwise protected under an existing agreement are entirely subject to the host nation’s laws and jurisdiction while in that country. Jurisdiction applies not only to criminal issues, but also to routine civil matters such as taxation or issuance of driver’s licenses.

Vienna Convention on Diplomatic Relations of 1961

The Vienna Convention on Diplomatic Relations (1961) is the primary international agreement which describes the conduct, status, and privileges of diplomatic missions; the US has signed the Convention. It recognizes several categories of personnel with respect to immunity.

The most comprehensive status category is that of “diplomatic agent”; the “protection” afforded that status is often referred to as “full diplomatic immunity.” The Vienna Convention provides three principal protections:

- Inviolability of Premises
- Inviolability of Person
- Immunity from Criminal Prosecution

Inviolability of Premises prevents the receiving State from entering the grounds or building of a diplomatic mission. It also puts the burden on the receiving State to protect those grounds and buildings from violation by others. Articles 29 and 30 extend this inviolability to the person, home, and property of the diplomatic agent and his/her family. Article 31 grants diplomats immunity from criminal prosecution or civil and administrative jurisdiction of the receiving State. In addition, a diplomat is not obliged to give evidence as a witness in the courts of the receiving State. This immunity cannot be waived by the diplomat, but solely by the sending government, and must be specifically waived each time.

Diplomatic status does NOT grant to the diplomat:

- Immunity from the jurisdiction of the sending State
- Immunity from civil and administrative jurisdiction over private business activities not done on behalf of the sending State

Diplomatic agents hold diplomatic rank on the host government’s diplomatic list and normally include the Ambassador, deputy COM, and attachés, including military attachés. It is a rare occurrence to see someone in the SCO (besides the SDO/DATT) listed on the diplomatic list.

The second recognized status category of personnel is that of “Administrative and Technical” (A&T) staff. Persons in this category and their families receive the full criminal immunity afforded diplomatic agents, but are immune from the country’s administrative and civil jurisdiction only in conjunction with their official duties. Most SCO personnel and their sponsored dependents fall into this category. Inbound SCOs should ascertain their exact diplomatic status from the US embassy.

**Figure 4-1
Protections under the Vienna Convention of 1961**

	Jurisdiction			
	Criminal		Civil and Administrative	
	Acts Performed within Duties	Acts Performed outside Duties	Acts Performed within Duties	Acts Performed outside Duties
Diplomatic Agent	Yes	Yes	Yes	Yes
Administrative and Technical Staff	Yes	Yes	Yes	No

Diplomatic Documentation

Personnel having diplomatic rank will generally carry diplomatic passports and have full diplomatic protections. A&T Staff will carry either diplomatic or official passports, depending on agency, but still only have A&T Status. The type passport is not the critical issue, the formal Diplomatic List held by Ministry of Foreign Affairs (MFA) of the receiving State is the only authoritative document indicating everyone's diplomatic rank and status. Diplomatic cards, sometimes called "carnets," (known in country by various names) are issued by the MFA of the receiving State to members of the diplomatic mission indicating the recognized status. The embassy's Human Resources department working for the General Services Officer (GSO) will be the liaison with the host nation to resolve SCO members' issues.

Status of Forces Agreements (SOFA)

In addition to the Vienna Convention, the USG has entered into more than one hundred multilateral and bilateral agreements addressing the presence and activities of US forces (military and civilian) in a foreign country. While there are no formal requirements concerning form, content, length, or title of a SOFA, a SOFA typically addresses, but is not limited to, criminal and civil jurisdiction, the wearing of uniforms, taxes and fees, carrying of weapons, use of radio frequencies, license requirements, and customs regulations. The USG has concluded SOFAs as short as one page (e.g., Botswana) and in excess of 200 pages (e.g., Germany). A SOFA may be written for a specific event or provide general, long-term coverage. The DOS negotiates these agreements in cooperation with the DOD.

It is important to remember that a single person can only fall into one of these four categories (Diplomatic, A&T staff, SOFA, host nation laws) at a time. It is not uncommon for different agreements to be in effect simultaneously in any given country. Thus, DOD military and civilian personnel in the same country may, and probably will, enjoy varying degrees of rights and privileges, depending on whether they are serving as a military attaché, a member of a SCO, on a security assistance team, or as part of a deployed operational military force.

DOD Security Cooperation Personnel Visiting Foreign Countries

Personnel based in the continental US who travel overseas on temporary duty are not considered part of the local US embassy's administrative and technical staff and are not afforded immunity under the Vienna Convention. However, they may be protected under a SOFA or similar agreement. As part of the planning process for in-country teams, SCOs should know or verify the jurisdictional status of those personnel (and advise the travelers). The staff judge advocate (SJA) of the appropriate CCMD maintains this information and can determine if an existing agreement covers the proposed teams.

ETHICS AND STANDARDS OF CONDUCT

SCO personnel are expected to maintain the highest standards of ethics in both their professional and personal conduct. In all instances, SCO personnel are required to maintain strict standards of integrity and ethics, and avoid even the perception of impropriety. USG employment is a matter of public trust and requires that DOD personnel place loyalty to country, ethical principles, and the law above private gain and other interests (Executive Order 12674, April 12, 1989, as amended).

Conflicts of Interest

Congress has provided a structure of laws that give guidelines as to what constitutes a breach of fiduciary duty by a federal official. Most of these laws have been codified under Title 18 U.S.C., titled "Crimes and Criminal Procedure." 18 U.S.C. § 201(b) (c) defines both bribery and graft and prescribes criminal penalties for each. Bribery is the corrupt giving or offering of anything of value to a public official with the intent to:

- Influence official acts
- Have the official perpetrate fraud or set up the opportunity for fraud
- Have that official do anything contrary to his public duty (18 U.S.C. 201)

The reciprocal of bribery is graft—the seeking by a public official of something of value in order to assure that his public acts will conform to those desired by the prospective donor. This is also prohibited by 18 U.S.C. 201(c).

In addition to establishing penalties for bribery and graft, Congress has legislated 18 U.S.C. 207, which restricts the business activities of former USG employees. section 207 provides that any former employee of the USG who, after his employment has ceased, acts for another in seeking a determination in regard to a claim or contract in connection with which he personally and substantially participated while a USG official shall be vulnerable to a \$50,000 fine and up to five years confinement for willful violation. SCO personnel, who anticipate leaving government service to join the workforce of a US defense vendor, or to officially represent a foreign government, must be aware of these constraints and others. DODD 5500.7-R, *Joint Ethics Regulation (JER)*, provides guidance on conflicts of interest, as well as for DOD members seeking outside (i.e., post-retirement) employment and their employment following government service.

Gifts and Gratuities

SCO personnel, along with all other DOD personnel, are subject to the provisions of DODD 5500.7-R, *Joint Ethics Regulation (JER)*. In this regard, DOD personnel shall avoid any action, or even the appearance of any action, of:

- Using public office for private gain
- Giving preferential treatment to any person or entity
- Impeding government efficiency or economy
- Losing complete independence or impartiality
- Making a government decision outside official channels
- Affecting adversely the confidence of the public in the integrity of the government

Among other limitations, DOD personnel are prohibited from accepting gratuities from those who have or seek business with DOD, e.g., defense contractors, commonly referred to as a prohibited source in the context of ethics discussions.

Certain USG employees, such as procurement officials (41 U.S.C. 2101 et seq), are subject to additional restrictions. However, by law, so-called “micro-purchasers” (those making purchases of less than \$3,000, not to exceed \$50,000 in a twelve-month period for [1] contingency operations and [2] outside CONUS are not considered procurement officials.

According to DODD 5500.7-R, all DOD employees, regardless of assignment, are prohibited from soliciting or accepting, with limited exceptions, any gift from a prohibited source. A gift is defined in DODD 5500.7-R as any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, or other item having monetary value. It includes services as well as gifts of training, transportation, local travel, lodging and meals, whether provided in-kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred. The acceptance of a gift by DOD personnel or their

families, no matter how innocently tendered, may prove to be a source of embarrassment to the DOD, may affect the objective judgment of the DOD personnel involved, and may impair public confidence in the integrity of the government. Title 5 Code of Federal Regulations, section 2635 (5 CFR 2635) provides several exceptions to the general prohibition of accepting gifts.

Unsolicited Gifts

Government employees, subject to more restrictive standards set by their agency, may accept unsolicited gifts having an aggregate value of no more than \$20 per occasion and subject to a \$50 limitation per donor per calendar year. Gifts of cash, stocks, bonds, or certificates of deposit are not covered by this exception and may not be accepted. This limitation applies to gifts from both contractors and state-owned industry.

Personal Relationships

A USG employee may accept a gift based on a personal relationship if it is clear that acceptance of the gift is restricted to a family relationship or personal friendship and not by the official capacity of the employee. Relevant factors include the history of the relationship and who actually paid for the gift.

Gift Exclusions

Additionally, the definition of gift does not include any of the following items:

- Modest items of food and refreshments, such as soft drinks, coffee, and donuts, offered other than as part of a meal
- Greeting cards and items with little intrinsic value, such as plaques, certificates, and trophies, which are intended solely for presentation
- Opportunities and benefits available to the general public or to a specific class of government employees, e.g., uniformed military members
- Anything for which fair market value is paid by the employee

Gifts from Foreign Governments

DODD 1005.13, *Gifts and Decorations from Foreign Governments*, governs the acceptance and retention of gifts from foreign governments. This directive and the individual service regulations that implement it provide guidance for individuals to follow for reporting and determining whether gifts can be retained or must be turned over to the appropriate custodian. The primary governing principle is that no DOD employee may request or otherwise encourage the offer of a gift from a foreign government. Whenever possible, individuals should politely refuse gifts of anything larger than minimal or token value (e.g., plaques, photographs, calendars, pens, etc.). Only if the refusal would cause embarrassment to the USG or the presenting government should gifts be accepted by a USG representative. The maximum value of a gift that an employee may retain is \$375.00 (Standards of Conduct Office, Advisory #11-02). Gifts exceeding the maximum value are the property of the USG and should be deposited with the employing DOD component for disposition in accordance with DODD 1005.13. The burden of proof of the gift's value rests with the employee who received the gift.

DOD Directive 5500.7-R permits attendance or participation of DOD personnel in gatherings, including social functions, that are hosted by foreign governments or international organizations when:

- Acceptance of the invitation is approved by the DOD component
- Attendance or participation is for authorized purposes

- The social event involves a routine or customary social exchange with officials of foreign governments in pursuit of official duties
- The event is not in the context of the foreign government’s commercial activities, i.e., attempting to make a sale to DOD

Disposition of Gifts

Should an employee accept a gift that is not allowable under the preceding guidelines, one of the following actions must be taken:

- The employee may request an exception to policy, in writing, to retain the gift
- The employee may request to purchase the gift, also known as the right of first refusal. Per DOD 1005.13, the request is made to the General Services Administration (GSA) and must be accompanied by a commercial appraisal. If the purchase is approved, the price to be paid is the appraised value and cost of the appraisal.
- The item may be displayed in the office. If it is a tangible item, this would entail putting the item on the organization’s property control records.
- If none of the above options is pursued, the item must be turned in to the organization’s legal office for disposition

SECURITY COOPERATION ORGANIZATION ENVIRONMENT

The vast majority of SCOs are small offices that are tasked with administering a wide range of programs. As most of the SCO billets are considered “joint,” SCOs need to remain flexible, congenial, not tied to parochial methodologies, and with the confidence to reach back to the CCMD or USG resources with more information or experience. It is common for one member, without regard to parent military service, to be tasked to manage an FMS case or other program sponsored by another military service, with its associated requirements involving logistics, training, and other areas. A common example is the US Air Force officer assigned to a SCO who assumes the in-country responsibility for a US Army helicopter purchase by the host nation air force. Likewise, the common administrative tasks and extra duties incumbent in every SCO—personnel issues, budget, property, vehicles, etc.—may be accomplished by a field grade officer, a non-commissioned officer, a US civilian employee, or LE Staff, depending on a variety of local circumstances. Due to the relative scarcity of manpower, SCOs must recognize the need for effective and flexible management. Key tools include:

- Developing and maintaining a comprehensive point of contact list for both host nation personnel and relevant DOD organizations
- Using e-mail with multiple addressees in all organizations working an issue
- Accessing official publications and other guidance (DOD directives and instructions, service regulations, etc.) on the Internet wherever possible
- Leveraging personnel and other resources, within the embassy country team, the CCMD, and elsewhere, for information or support as necessary

There is normally a direct correlation between the size of a SCO and the magnitude of a country’s SA program. Those countries with large FMS programs and those in which the US has key strategic interests generally have larger SCOs. In developing countries where SA programs are small, SC programs often take on a more prominent role. In developed countries, on the other hand, the host nation may be largely self-sufficient in both its financing and management of SA, so the role and responsibilities of the SCO

will take on a different tone. However, the importance of a program vis-a-vis its size may be relative; in some countries, a small program can be as meaningful and as politically influential as larger programs in other countries. In summary, the size of the SCO, the relationship with the host nation military, and the scope and volume of current programs, both in SA and SC, all combine to produce a unique working environment in each SCO.

SUMMARY

This chapter addressed the primary responsibilities, considerations, challenges, and issues which impact the SCO's environment. The SCO encompasses all DOD organizations, regardless of actual title or size, located in foreign countries to carry out SC and SA management functions under the FAA, the AECA, and other authorities.

SCOs and the personnel assigned to the SCO have a level of responsibility and breadth of experience seldom seen in other military assignments. SCO functions and responsibilities are driven by legislative, DOD, DSCA, and other administrative/logistics provisions. Some of the major SC/SA responsibilities include key relationship building, SC planning, FMS case development/management, training management, end-use monitoring, Rationalization, Standardization & Interoperability (RSI), Humanitarian Assistance, exercise planning, visitor management and involvement in a variety of other SC programs.

SCOs are typically led by the Senior Defense Official/Defense Attaché (SDO/DATT), normally a member of an Ambassador/Chief of Mission's (COM) country team. The SCO is under the authority of the COM. The SDO/DATT's interaction with other members of the embassy country team is vital to ensure the DOD's interests in a host nation are synchronized with the COM. As a member of a country team, the SCO has a first-hand look at USG interagency activities and foreign policy in action. Additionally, SCO personnel will interact and support US defense industry, while remaining impartial between competing US companies.

The legal status of SDO/DATTs and SCO personnel varies from country to country. In general, SCO personnel and their sponsored dependents fall into the diplomatic category of "Administrative and Technical" staff. Persons in this category and their families receive the full criminal immunity afforded diplomatic agents, but are exempt from the country's administrative and civil jurisdiction only in conjunction with their official duties.

SCO personnel are expected to maintain the highest standards of ethics in both their professional and personal conduct. This is particularly important when they interact with partner nation officials and with marketing agents of US vendors. SCO personnel should be familiar with DODD 5500.7-R, *Joint Ethics Regulation*, as it pertains to conflicts of interest, gifts and gratuities, and must adhere to the standard DOD requirements for travel and transportation, as found in the *Joint Travel Regulations* (JTR).

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ATTACHMENT 4-1
LETTER OF INSTRUCTION FROM THE PRESIDENT
APPROVED MAY 26, 2009



(Selected text placed in bold by DISAM)

The Honorable (Name)
American Ambassador

Dear Mr./Madam Ambassador:

Thank you for your willingness to serve our country as my personal representative to [country].

Together we have a great task before us. We must renew America's security and standing in the world through a new era of American leadership. The United States will advance its interests through a core pragmatism rooted in America's enduring values. We must rebuild our traditional alliances and pursue new partnerships based on mutual interests and respect, so that together we can confront key common challenges of the 21st century, including weapons of mass destruction, terrorism, poverty, pandemic disease, dependence on fossil fuels and global climate change. America is strongest when we act alongside other nations and peoples. Our security also is enhanced through principled and sustained engagement with those who think differently. As my personal representative, you will be the front line of our efforts.

Our security and prosperity are inextricably linked with those of other countries and people around the world. To strengthen both our national and global economies, we must expand trade as well as financial and scientific cooperation, and we will advance mutual understanding through educational and cultural diplomacy. We must work in concert with others to prevent, resolve, and mitigate conflict, combat transnational threats, strengthen law enforcement cooperation, and promote democratic values and human rights.

I will need your support for our efforts to provide forward-thinking, sustained diplomacy in every part of the world. We will apply pressure where it may be needed, and look for opportunities to advance US interests. As appropriate, you should reach out to other government agencies, nongovernmental organizations, the private sector, international organizations, and our military to leverage your own initiatives. I also urge you to pursue diplomacy and public outreach with 21st century tools and technology.

As Chief of the US Mission, one of your most important jobs will be to take care of our diplomatic personnel and to ensure that they have the tools they need to support your efforts. The Mission should be seen as a welcoming and supportive place for American citizens and American businesses abroad. I have asked you to represent the United States in [country] because I am confident that you possess the skills, dedication, and experience necessary to meet the many challenges that we face in these extraordinary times.

This letter contains your detailed instructions as my personal representative and the US Chief of Mission. These instructions have been shared with relevant departments and agencies, and I have directed that they give you their full cooperation. I expect you to carry out your mission to the best of your ability and in full conformance with the law and the highest ethical standards. I am counting on your advice and leadership as Chief of Mission to help protect America's interests and to promote America's values.

As Chief of Mission, you have full responsibility for the direction, coordination, and supervision of all US Executive Branch employees in [country], regardless of their employment categories or location, except those under command of a US area military commander or on the staff of an international organization. With these exceptions, you are in charge of all Executive Branch activities and operations in your Mission.

You will report to me through the Secretary of State. Under my direction, the Secretary of State is, to the fullest extent provided by the law, responsible for the overall coordination of all United States government activities and operations abroad. The only authorization channel for instruction to you is from the Secretary or me, unless the Secretary or I personally instruct you to use a different channel.

All Executive Branch agencies under your authority, and every element of your Mission, must keep you fully informed at all times of their current and planned activities. You have the right to see all communications to or from Mission elements, however transmitted, except those specifically exempted by law or Executive decision.

You have full responsibility for the direction, coordination, and supervision of all Department of Defense personnel on official duty in [country] except those under the command of a US area military commander. You and the area military commander must keep each other currently and fully informed and cooperate on all matters of mutual interest. Any differences that cannot be resolved in the field will be reported to the Secretary of State and the Secretary of Defense.

I expect you to take direct and full responsibility for the security of your Mission and all the personnel for whom you are responsible, whether inside or outside the chancery gate. **Unless an interagency agreement provides otherwise, the Secretary of State and you as Chief of Mission must provide for the security of all United States government personnel on official duty abroad other than those under the protection of a US area military commander or on the staff of an international organization and their accompanying dependents. You and the US area military commander should consult and coordinate responses to common threats.**

I ask that you review programs, personnel, and funding levels regularly, and ensure that all agencies attached to your Mission do likewise. Rightsizing the United States government presence abroad is a continuing requirement. To better meet our foreign policy goals, I will be expanding the Foreign Service and strengthening civilian capacity to work alongside the military. At the same time, we need to eliminate unnecessary duplication in our foreign operations. Functions that can be performed effectively and efficiently by personnel based in the United States or at regional offices overseas should not be performed at post. We should make greater use of the expertise of host country citizens, and outsource functions when it is effective and efficient to do so. In your reviews, should you find staffing to be either excessive or inadequate to the performance of priority Mission goals and objectives, I urge you to initiate staffing changes in accordance with established procedures.

Every Executive Branch agency under your authority must obtain your approval before changing the size, composition, or mandate of its staff. If a Department head disagrees with you on staffing matters, that individual may appeal your decision to the Secretary of State. In the event the Secretary is unable to resolve the dispute, the Secretary and the respective Department head will present their differing views to me for decision.

All United States government personnel other than those under the command of a US area military commander or on the staff of an international organization must obtain country clearance before entering [country] on official business. You may refuse country clearance or may place conditions or restrictions on visiting personnel as you determine necessary.

I expect you to discharge your responsibilities with professional excellence and in full conformance with the law and the highest standards of ethical conduct. You should ensure that there is equal opportunity at your Mission and no discrimination or harassment of any kind. Remember as you conduct your duties that you are representing not only me, but also the American people and America's values.

Sincerely,

Barack H. Obama

ATTACHMENT 4-2
SECURITY COOPERATION ORGANIZATION—INDUSTRY RELATIONS



Office of the Secretary of Defense
Washington, DC, 20301-1000
05 May 1999

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

CHAIRMAN OF THE JOINT CHIEFS OF STAFF
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Department of Defense Policy for Relations with US Industry in Sales of Defense Articles and Services to Foreign Governments

The DOD is committed to greater cooperation with US industry to facilitate sales of US defense articles and services when in support of US national security and foreign policy objectives. DOD is prepared to assist and cooperate with US Industry regardless of the type of sale, e.g., Direct Commercial Sale, Foreign Military Sale, or a combination of the two.

The purpose of this policy is to improve communication and teamwork between DOD and US Industry in the Security Cooperation process. DOD and US Industry participants must establish specific roles and responsibilities by developing DOD and US Industry arrangements. In cases where only one US contractor is involved, the military departments will be the DOD representatives for weapon systems under their cognizance. The Defense Security Cooperation Agency (DSCA) will be the DOD representative when more than one US contractor is competing until down selection is complete. DOD representatives will not favor one US contractor over another in competition process.

The level of cooperation and assistance will be determined on a case-by-case basis. While the mechanism(s) for a DOD/US Industry cooperative effort of this nature are being developed as part of the Security Cooperation reinvention process, certain actions will be common to all situations. We expect industry to advise the DOD of cooperation and assistance it desires for a particular effort. Receipt of that information will prompt: (a) identifying DOD/US Industry principal players, (b) establishing formal lines of communication, (c) defining roles, and (d) developing a joint approach. Conversely, DOD may request support from industry.

Your participation and cooperation are essential to improving the Defense Security Cooperation process.

//SIGNED//
Jacques S. Gansler
Under Secretary Of Defense for Acquisition
& Technology

//SIGNED//
Walter B. Slocombe
Under Secretary of Defense for Policy

ATTACHMENT 4-3
CHECKLIST FOR MEETING REPRESENTATIVES OF DEFENSE INDUSTRY

(See SAMM C2.1.8 for detailed guidelines on interface with industry)

1. Exchange business cards
2. Inquire about the articles and/or services which the vendor is marketing
3. Ask to see the vendor's export license, or inquire about the status of license approval. Ask what provisos (limitations) are associated with the license.
4. Indicate that, in general, the USG has no preference as to whether a sale is made via FMS or DCS channels (SAMM C4.3.4). Inquire as to whether the vendor has a preference (some vendors have a preference for DCS on file with DSCA; see SAMM C4.3.6).
5. Inquire whether the vendor is marketing similar articles or services to other countries in the region
6. As appropriate, provide an overview of host nation military picture
 - a. Organization
 - b. Known requirements and priorities
 - c. US and DOD relations with host nation
 - d. Host nation defense industry
7. As appropriate, review the host nation procurement strategy.
 - a. Key decision-makers within MOD and the services
 - b. Defense budget and expected availability of FMF, if any
 - c. MOD procurement system (preferences for FMS vs. DCS)
 - d. Host nation offset policy, if appropriate
 - e. Foreign competition
8. Inquire if the vendor has an in-country agent
9. Inquire if the vendor would like marketing assistance from the Department of Commerce through the embassy's commercial attaché or local Foreign Commercial Service (FCS) representative
10. Inquire if the vendor wants assistance in appointments with host nation officials and/or other US embassy offices
11. Request a back-brief from the vendor after meetings with host nation

ATTACHMENT 4-4
SDO/DATT APPOINTMENT LETTER



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000
FEB 19, 2015

Colonel Robert X. Hanseman, USAF
US Defense Attaché Office Bandaria
1000 Bandaria Place
Washington, DC 20521-1111

Dear Colonel Hanseman:

You hereby are appointed SDO/DATT in the Republic of Bandaria. As SDO/DATT, you are the principal Department of Defense official at the American Embassy in Bandaria and my representative to the Ambassador and the government of Bandaria. You will represent the geographic combatant command, the Defense Intelligence Agency (DIA), and the Defense Security Cooperation Agency (DSCA) to the US embassy country team and the host nation. Congratulations on your selection to serve in this key position.

I charge you with the overall direction and management of the Defense Attaché Office and the Office of Security Cooperation (SCO), and the coordination of US defense issues and activities in Bandaria in accordance with DOD Directive 5205.75 and DOD Instruction C-5105.81. I expect you to provide strong and ethical leadership and to set the standard for personal excellence.

You will receive guidance and instructions from DIA on your duties as the Defense Attaché and from the geographic combatant command and DSCA on your duties as Chief, SCO. The Office of the Secretary of Defense will provide additional policy guidance as required. You will communicate regularly with your geographic combatant command, DIA, and DSCA to address the multi-faceted equities of each.

As you prepare for your mission, remember you are representing an important and integral part of the US foreign policy process. I wish you great personal and professional success as you embark on this challenging assignment.

Sincerely
//SIGNED//
Ashton B. Carter

Enclosures:

1. Letter of Introduction to US Ambassador
2. Letter of Introduction to Bandarian Minister of Defense
3. CJCS Letter of Introduction to Bandarian Chief of Defense

ATTACHMENT 4-5
LETTER OF INTRODUCTION TO US AMBASSADOR



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000
FEB 19, 2015

Honorable Jane J. Reynolds
American Embassy Bandaria
Department of State
1000 Bandaria Place
Washington, DC 20521-1111

Dear Madam Ambassador:

This letter introduces Colonel Robert X. Hanseman, United States Air Force, whom I appointed as the Senior Defense Official (SDO)/Defense Attaché (DATT) to your Embassy. As the SDO/DATT, Colonel Hanseman is my representative to you and, subject to your authority as Chief of Mission, the diplomatic representative of the Defense Department to the government of Bandaria. I urge you to take full advantage of Colonel Hanseman's expertise and resources as your principal military advisor.

Colonel Hanseman is an exceptionally experienced and qualified officer, in whom I place my full trust and confidence. He commanded United States Air Force organizations in combat and in peace with success and served with distinction as a member of the Air Staff. I commend Colonel Hanseman to you as an officer who will serve the interests of both the Department of Defense and the Department of State.

I urge you to communicate through him any matters affecting our mutual interests that you feel deserve my attention. Of course, you are welcome to communicate with me directly for those matters you feel are appropriate.

Sincerely
//SIGNED//
Ashton B. Carter

ATTACHMENT 4-6
LETTER OF INTRODUCTION TO BANDARIAN MINISTER OF DEFENSE



SECRETARY OF DEFENSE
1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000
FEB 19, 2015

His Excellency Dr. Karl Alfonsas Vanderjager
Ministre des Achats de la Defence
Ministere de la Defence du Bandaria,
Republic of Bandaria

Dear Doctor Vanderjager,

This letter introduces Colonel Robert X. Hanseman, United States Air Force, as the Senior Defense Official and Defense Attaché at the United States Embassy in Bandaria. Colonel Hanseman serves as my personal representative and as the principal representative of the United States Department of Defense. He serves under the authority of our Ambassador.

Colonel Hanseman is an exceptionally experienced and qualified officer, in whom I place my full trust and confidence. He commanded United States Air Force organizations in combat and in peace with success and served with distinction as a member of the Air Staff. I commend Colonel Hanseman to you as an officer who will serve the interests of both of our countries, and I request that you afford him the status and recognition appropriate to his position.

I urge you to communicate through Colonel Hanseman any matters affecting our mutual interests that you feel deserve my attention. Of course, I also welcome you to communicate with me directly for those matters you feel are appropriate.

Sincerely,
//SIGNED//
Ashton B. Carter

ATTACHMENT 4-7
CJCS LETTER OF INTRODUCTION TO BANDARIAN CHIEF OF DEFENSE



OFFICE OF THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF
9999 JOINT STAFF PENTAGON
WASHINGTON, DC 20319-9999
FEB 19, 2015

Lieutenant General Sami Anan
Chief of Defense Staff
Ministere de la Defence du Bandaria
Herat, Republic of Bandaria

Dear General Anan,

I am pleased to introduce Colonel Robert X. Hanseman, United States Air Force, to you as the Senior Defense Official and Defense Attaché at the United States Embassy in Herat. He serves under authority of the Ambassador as my personal representative and the principal representative of the United States Department of Defense. As an exceptionally experienced and qualified officer, he has my full trust and confidence.

Colonel Hanseman has successfully commanded United States Air Force organizations in combat and peace. I commend him to you as an officer who will serve the interests of both of our countries, and request that you afford him the status and recognition appropriate to his position.

I urge you to communicate through him any matters affecting our mutual interests that you feel deserve my attention. Of course, you are also welcome to contact me directly when you deem it necessary.

Sincerely,
//SIGNED//
MARTIN E. DEMPSEY
General, US Army

ATTACHMENT 4-8

UNITED STATES COOPERATION ORGANIZATIONS

ACRONYM	LOCAL TITLE
JUSMAG	Joint US Military Assistance Group (Philippines)
JUSMAG	Joint US Military Advisory Group (Thailand)
JUSMAG-K	Joint US Military Affairs Group—Korea
KUSLO	Kenya US Liaison Office
MAP	Military Assistance Program (Jordan)
MDAO	Mutual Defense Assistance Office (Japan)
NLO	Navy Liaison Office (Bahamas)
ODC	Office of Defense Cooperation (approximately fifty European, East Asian Countries, and others)
ODC	Office of Defense Coordination (Mexico)
ODR	Office of Defense Representative (Costa Rica)
ODRP	Office of Defense Representative—Pakistan
OMC	Office of Military Cooperation (Kuwait, Bahrain, Egypt, Kazakhstan, Kyrgyzstan, Oman, Qatar, Turkmenistan, Uzbekistan, Yemen)
OSC	Office of Security Cooperation (Iraq; all African countries except Kenya)
SAO-A*	Security Assistance Office—Afghanistan; this office is a staff element within the NATO Training Mission—Afghanistan/Combined Security Transition Command—Afghanistan (NTM-A/CSTC-A) *The organization in Afghanistan, under the control of the United States Forces—Afghanistan (USFOR—A) does not report directly to the US Ambassador to Afghanistan. Additionally, NTM—A/CSTC—A’s mission includes training and equipping the host nation interior forces (e.g., border police, national police, local police, etc.) which, while permitted by the Arms Export Control Act, is severely constrained under normal circumstances.
USLO	US Liaison Office
USMAAG	US Military Assistance Advisory Group (Dominican Republic, Peru)
USMILGP	US Military Group (several South and Central American countries)
USMLO	US Military Liaison Office (several South and Central American countries)
USMTM**	US Military Training Mission (Saudi Arabia) **Within Saudi Arabia, in addition to USMTM, there are other DOD organizations that have an “advise, train, and equip” mission. Because they do not work with the Ministry of Defense and Aviation, and because their charters allow them to conduct training, they are not formally considered SCO’s. They are:
OPM-SANG	Office of the Program Manager-Saudi Arabian National Guard
FSF-TAG	Facilities Security Forces-Training Advisor Group
MIPF-TAG	Maritime Infrastructure Protection Forces-Training Advisor Group

FOREIGN MILITARY SALES PROCESS

INTRODUCTION

The Foreign Military Sales (FMS) program is part of Security Assistance (SA) authorized by the Arms Export Control Act (AECA) and is a fundamental tool of United States (US) foreign policy. Under section 3, AECA, the US may sell defense articles and services to foreign countries and international organizations when the President makes a determination that a prospective purchaser is eligible. The Defense Security Cooperation Agency (DSCA) issues the *Security Assistance Management Manual* (SAMM), DSCA 5105.38-M. The SAMM provides policy and guidance for the administration and implementation of SA in compliance with the AECA, the Foreign Assistance Act (FAA), and other related statutes and directives. Table C4.T2 of the SAMM identifies partner nations and organizations designated as eligible to purchase defense articles and services through the FMS program. Questions regarding eligibility should be referred to DSCA. FMS programs are conducted through binding contractual agreements between the US government (USG) and an authorized foreign purchaser. These government-to-government agreements to transfer defense articles and services are called Letters of Offer and Acceptance (LOAs). A signed LOA, along with its associated revisions, is called an FMS case, though the terms “LOA” and “FMS case” are often used interchangeably. Chapter 8 of this textbook will address LOA revisions, referred to as amendments or modifications.

While this textbook offers an overview of the FMS process, it is not intended to replace the SAMM or other official policy references. The SAMM and DSCA policy memoranda can be found on DSCA’s web site: <http://www.samm.dscamilitary.com/>. In this dynamic national security environment, it is important to keep abreast of new or revised SA policies and procedures by periodically reviewing the SAMM and policy memoranda. There is also a convenient link to the SAMM and policy memoranda at the Defense Institute of Security Assistance Management (DISAM) web site: <http://www.disam.dscamilitary.com/>. These references are essential reading to understanding the FMS process. Much of the information discussed in chapters 5 and 6 of this textbook correlates to chapters 1, 2, 4, 5, and 6 of the SAMM.

Before discussing the FMS process itself, it is important to understand that the USG infrastructure supporting FMS is not a stand-alone arrangement, but rather utilizes the existing domestic structure of the DOD. Therefore, policies, databases, and organizational elements that support FMS vary among DOD agencies that manage LOAs. Military departments (MILDEPs) and other DOD agencies involved in writing and managing FMS programs are collectively referred to as Implementing Agencies (IAs), and are listed in attachment 5-1 to this chapter. Table C5.T2 of the SAMM also provides a list of IAs, along with associated mailing and message addresses.

The FMS process is complex, and for a major weapon system sale, may last for many years. The stages of the FMS process are outlined in table 5-1 and are discussed throughout this chapter. The DOD acquisition, logistics, financial, and training elements of the FMS process are further addressed in subsequent chapters of this textbook. This chapter addresses the entire FMS process starting with the preliminary stages when the customer begins to define requirements and ending with a discussion of FMS program/case closure.

**Table 5-1
Foreign Military Sales Process**

Pre-Case Development	Preliminary and Definition <i>Indefinite Time Period</i>	Customer identifies defense capabilities Customer researches options/sources Customer refines requirements Customer and US exchange technical information
	Request <i>Indefinite Time Period</i>	Customer prepares Letter of Request (LOR) Price and Availability (P&A) or LOA Country Team Assessment (CTA) LOR channels of submission Security Assistance survey teams
Case Development	Offer 45-150 days Anticipated Offer Date depends on type and complexity of case; Formal Congressional review is 15–30 days	IA and DSCA receive and evaluate LOR IA develops LOA data (LOAD) DSCA Case Writing Division finalizes LOA Congressional notification, if required, is concurrent with LOA development DSCA-CWD countersigns LOA IA issues LOA to customer
	Acceptance OED is generally 85 days from IA approval in DSAMS (includes 60 days for country review)	Customer signs LOA by Offer Expiration Date Customer sends signed LOA to the IA Customer sends signed LOA and Initial Deposit to Defense Finance and Accounting Service (DFAS-SCA), Indianapolis
Implementation, Execution, and Closure	Implementation 10–15 days average	DFAS issues Obligational Authority (OA) IA issues implementing directive IA activates FMS computer systems
	Execution Longest phase; depends on delivery schedule	Articles/services/training are ordered/contracted Articles shipped and services performed Training conducted IA reports performance to customer/DFAS-SCA
	Closure 2 years from supply/services complete (Accelerated Case Closure Procedures)	IA/DFAS/customer reconcile records IA sends closure certificate to DFAS-SCA DFAS-SCA issues final bill to customer

PRE-CASE DEVELOPMENT: PRELIMINARY AND DEFINITION

The FMS process begins when the partner nation conducts a threat analysis in conjunction with its national security objectives. During this assessment, the customer typically looks at materiel and non-materiel solutions to address mission deficiencies. Non-materiel solutions may involve areas such as military doctrine, force structure, and training philosophy. For potential materiel solutions to defense requirements, the customer may explore options by seeking information from the USG about specific systems. An important element of this analysis is for the customer to quantify system life cycle costs to determine if the potential capability is a viable cost alternative. Normally, there should be ongoing consultations between the purchaser and US representatives, especially the in-country US Security

It is important to note that there are two separate and distinct MASLs, one for materiel and services and another for training. They should not be confused. Each contains different kinds of information and has different uses. DSCA maintains the materiel MASL with input from the MILDEPs. The security assistance training activities of the MILDEPs maintain the training MASLs, which are accessed via the Security Cooperation Training Management System (SC-TMS).

Developing a Complete Offer with the Total Package Approach

When compiling LOAD, case managers should adhere to the policy of TPA mentioned earlier in this chapter and in the SAMM C4.3.2. TPA ensures that FMS purchasers are afforded the opportunity to acquire the full complement of articles and services necessary to field, maintain, and utilize major items of equipment efficiently and effectively. To a large degree, TPA depends on receiving a comprehensive LOR. In addition to the weapon system itself, an LOA that follows the TPA concept will address areas such as training, technical assistance, publications, initial support, and follow-on support.

As part of the TPA, IAs should ensure that LOAs for equipment include at least one year's supply of spare parts. See SAMM C5.4.7.10 for more information. These packages are referred to as concurrent spare parts (CSP) or initial spare parts (ISP). LOAs should include CSP or ISP for all support and ancillary equipment listed on the LOA, as well as for major weapon systems. IAs normally require that a significant portion of CSP and ISP be in country before they will release major end items for delivery. CSP and ISP are often identified by category and total value rather than itemized on the LOA.

Defense Security Cooperation Agency Review and Countersignature

In addition to the IA, the DSCA Case Writing Division (DSCA-CWD) plays a key role in case development. The IA notifies DSCA-CWD via DSAMS when LOAD development is complete. SAMM C5.4.14 describes the documents the IA must provide DSCA-CWD along with the draft LOA document. DSCA-CWD then completes the LOA writing process by accomplishing a quality review for policy compliance and by adding the payment schedule and the standard LOA notes. After finalizing the LOA document, DSCA-CWD staffs it for IA, headquarters DSCA, and legal reviews as appropriate. When this coordination process is complete, DSCA-CWD forwards the LOA document to DOS/PM for final review. Upon DOS concurrence, DSCA-CWD electronically countersigns the LOA, indicating that the IA can sign the case and officially offer it to the purchaser. A more complete description of the IA and DSCA-CWD roles in the case development process is shown in figure 5-4 and table C5.T8 of the SAMM.

The single digit alpha codes reflected in figure 5-4 are case status codes found in a database called the Security Cooperation Information Portal (SCIP). These status codes are defined in the *DISAM Practical Exercises and Handbook, Security Cooperation Information Portal Case Information Community*. Additional information about SCIP can be found in appendix 1 to this text book, "Security Cooperation Automation."

**Figure 5-4
Case Development Responsibilities**

Implementing Agency (IA)	DSCA Case Writing Division (CWD)
Develop LOA	Assemble the LOA
Development “D” Status	Write “W” Status
<ul style="list-style-type: none"> • Act as primary interface with stakeholders • Review releasability/foreign disclosure • Prepare Congressional notification input • Develop LOA line item structure • Obtain cost information • Develop LOA line item pricing • Prepare line item description notes • Prepare case unique/non-standard notes • Develop program delivery schedules • Prepare payment schedule analysis • Process/coordinate waivers • Identify manpower requirements • Conduct MTCR review • Identify EUM requirements • Approve LOA and send to DSCA-CWD 	<ul style="list-style-type: none"> • LOA quality assurance review • Policy review • Case standard notes • Payment Schedule preparation
Review “R” Status	Review “R” Status
<ul style="list-style-type: none"> • Review/sign CWD LOA package (“R”) 	<ul style="list-style-type: none"> • IA final review of LOA package • DSCA HQ review • Legal review
Offered “O” Status	Proposed “P” Status
<ul style="list-style-type: none"> • Offer LOA after DSCA countersigns (“O”) 	<ul style="list-style-type: none"> • State (RSAT) review
	Offered “O” Status
	DSCA countersignature
	<ul style="list-style-type: none"> • “D,” “P,” “W,” “R” and “O” status appear in SCIP • “W” and “R” visible to USG only - rolled up as “D” for non-USG

Letter of Offer and Acceptance Response Time

The time required to respond to an LOR with an LOA depends on the type of case being prepared and the complexity of the program. The policy time frame for a USG response to an LOR is based on the Anticipated Offer Date (AOD). An AOD is assigned for every LOR based on the group categories identified in figure 5-5. Depending on the AOD group assigned, the IA has between 45 and 150 days from LOR receipt to prepare the LOA for offer. Receiving comprehensive LORs that accurately reflect partner nation requirements is crucial to successful accomplishment of these goals. Refer to chapter 6 of this textbook, “Types of LOAs,” for more information about the different types of cases referenced in figure 5-5. More details regarding the LOA response time policy can be found in SAMM C5.4.2 and table C5.T6.

**Figure 5-5
Letter of Request to Letter of Offer and Acceptance
Response Time Anticipated Offer Date Groups**

Group	Description
A	45 days for Blanket Order LOAs, training LOAs, Cooperative Supply Support Arrangements (CLSSAs), and associated Amendments and Modifications. The IA can change the date to less than 45 calendar days if appropriate.
B	100 days for Defined Order LOAs and associated Amendments and Modifications. The IA can change the date to less than 100 calendar days if appropriate.
C	<p>150 days for Defined Order LOAs and associated amendments that are considered “purchaser-unique” in nature. The IA can change the date to less than 150 calendar days if appropriate. Associated Modifications to this group will be placed in Group B.</p> <p>The IA must identify why the LOA document is “purchaser unique” by selecting one of the below 8 factors:</p> <ol style="list-style-type: none"> 1. First-time purchase of a defense article or service by an FMS purchaser 2. First-time FMS purchase by a specific country or international organization with limited experience or knowledge of FMS processes/procedures 3. Case requires engineering, system integration, or special acquisition 4. Requested use of the system is different from its use by US military forces (e.g., Navy ship missile to be fired from an Army or foreign country’s helicopter) 5. Detailed release/disclosure coordination required 6. Complex pricing effort required 7. Extraordinary coordination required inside or outside the IAs 8. Other (must be explained by detailed milestone comments in DSAMS)
D	60 days for all Pseudo LOAs and associated Amendments and Modifications. The IA can change the date to less than 60 calendar days if appropriate

CASE DEVELOPMENT: ACCEPTANCE

Once DSCA-CWD countersigns and releases the LOA, the IA prints a copy from DSAMS, signs it, and offers it to the purchaser for acceptance. Every LOA includes an offer expiration date (OED) on the cover page. Generally the OED is computed as eighty-five days from IA approval in DSAMS. This OED period is generally based on twenty-five days for US administrative processing and sixty days for country review. SAMM figure C5.F6 identifies those countries with DSCA-approved OEDs longer than eighty-five days. To officially accept the LOA, the partner nation must fill in the “purchaser provided information” at the bottom of the LOA cover page, sign the case by the OED, and send signed copies to the IA and to the Defense Finance and Accounting Service in Indianapolis (DFAS–SCA). The purchaser must also send the initial deposit (as reflected on the LOA) to DFAS–SCA. Payment must be in US dollars and may be via check or wire transfer. Distribution instructions are found in the LOA following the payment schedule.

Partner nations should strive to accept an LOA by the offer expiration date (OED). If this is not feasible, the purchaser may request an extension from the IA. If an extension is required, the purchaser should notify the IA as soon as possible, preferably in the LOR. Many considerations, such as contract deadlines for multi-country programs or policy concerns, may preclude granting an extension. Partner nations should note that even if an extension is granted, cost and delivery estimates are perishable and will tend to degrade over time. An extended time period between the LOA offer and LOA acceptance may result in less accurate cost and delivery estimates. Occasionally, the USG will give the purchaser a shorter than authorized OED, generally in conjunction with contractual requirements. When this

occurs, the USG should advise the partner nation in advance and must include a special note in the LOA explaining the reason for the short OED.

CASE IMPLEMENTATION AND EXECUTION

Implementation

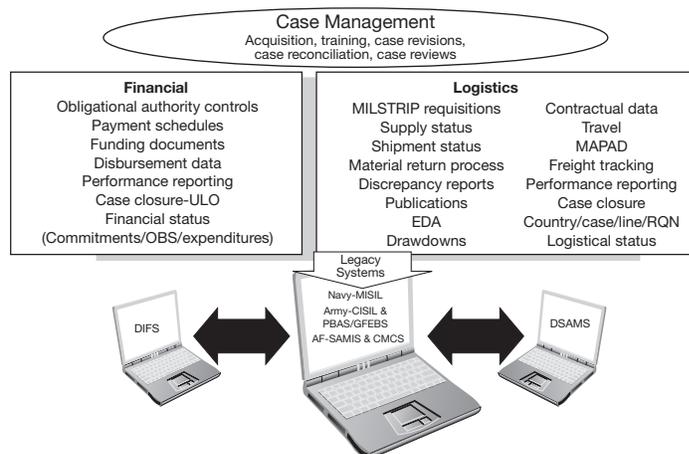
After receiving the initial deposit, DFAS–SCA releases obligational authority (OA) to the cognizant IA. OA is forwarded via DSAMS to the unique MILDEP FMS management financial computer systems. The OA is evidence of proper case acceptance, including receipt of initial deposit, and signals that the case may be implemented. OA is not money, but it provides financial authority allowing the IA case manager to implement the case. Upon receipt of OA, the IA may begin to incur obligations against the case (i.e., negotiate a contract, submit requisitions, schedule training, etc.). There is no standard metric or time frame for case implementation; however, it is generally accomplished within ten to fifteen days.

Although an LOA provides basic information and authority for an FMS case, it may have insufficient information for case implementation. A case manager may issue internal supplemental guidance (e.g., a case directive) in order to provide more detailed case logistical and financial implementation instructions to line managers and supporting organizations. The term “FMS case directive” has several definitions, depending on the variations of case directive documents. In the broadest context, a case directive is a document, or an assortment of documents, used to implement an accepted LOA. The case directive is also known as the project directive for the Navy and the international program directive for the Air Force. Case directives should be revised as appropriate whenever LOAs are modified or amended.

Execution

Implementation ends and case execution begins when orders for the LOA materiel and services are processed against the case. Case execution is the longest phase in the life cycle of an FMS case. It can last many years for a major system sale case. During case execution, there are many actions that occur in the areas of acquisition, finance, logistics, and training. There are separate chapters in this textbook dedicated to each of these important functional areas. Figure 5-6 depicts many of the financial and logistics transactions that occur during the life of an FMS case.

**Figure 5-6
Foreign Military Sales Case Execution**



Each of these BPC programs will have its own unique authorization that will influence its execution guidelines and fiscal law constraints. For example, the Global Train and Equip Section 1206 program is limited to one fiscal year obligation authority and can only be used for emergent threats related to training and equipping a foreign country's national military forces (forces under the authority of the Ministry of Defense (MOD)) to conduct counterterrorism operations or participate in/support military and stability operations in which US armed forces are participating. The 1206 authority can also be used to build the capacity of a foreign country's maritime security forces (including non-MOD elements) to conduct counterterrorism operations. Thus it is important that any participant involved in the development or execution of a BPC program recognize that each program has its own unique program guidelines. An informative source that describes the rationale and funding parameters for all BPC programs is the Security Cooperation Tools web site (<https://policyapps.osd.mil/sites/sctools>). The "SC Tools" tab on DISAM's web site provides additional information about the tool and how it is accessed.

The pseudo LOA process starts with DOD (typically the security cooperation office [SCO] via the Combatant Command (CCMD) or other authorized agencies [DOS, UN, etc.]) submitting a pre-coordinated BPC request or proposal to the Implementing Agency (IA) and DSCA. The request, called a Memorandum of Request (MOR), is similar to a traditional FMS LOR and it will identify the required services, equipment, and the BPC legal authority for the program. The IA may conduct a feasibility assessment to ensure such areas as requirements definition, transportation plans, technology/disclosure, special contracting issues, etc., are addressed and compliant with the BPC program guidelines. The assessment will also verify that the requirements identified are actionable within the program budget constraints and obligation time lines. Some of the operating guidelines for pseudo LOAs (addressed in chapter 15 of the SAMM) include:

- Congressional notification is required for all pseudo LOAs.
- The pseudo LOA is not signed by the country or organization receiving the articles and/or services. Once implemented, pseudo LOA documentation may be shared with the recipient (benefitting) country on a case-by-case basis in accordance with DSCA guidance.
- Transportation is typically provided by the USG to an in-country destination and the SCO is responsible for conducting an inventory before transferring possession of the materiel to the customer.
- For programs where the title transfers, it transfers at the point of delivery vice the initial point of shipment. The SCO is responsible for documenting the transfer to the benefitting country.
- LOA standard terms and conditions do not apply to pseudo LOAs.
- DSCA will issue a policy memorandum each fiscal year to identify the funding authority, a unique two-digit program code, and specific pseudo LOA preparation procedures for each BPC program. Reviewing these policy memoranda on DSCA's web site can help provide a more thorough understanding of pseudo LOAs.
- The unique two-digit program code will become part of the pseudo LOA case identifier.
- The pseudo LOA will cite the program authority and will note the period of availability for the financial authority.
- One or more benefitting countries identified to receive the program materiel or services may be identified in the pseudo LOA.
- DOD and DOS "Leahy" human rights vetting must be completed for BPC services.

The SCO and the CCMD play a significant role in the pseudo LOA process. They must interface with the recipient country in order to translate the specific BPC program objectives into detailed package requests. BPC program requests should be linked to country and theater planning documents. Since some BPC cases have a short financial life cycle and are authorized only to counter immediate crisis situations, they generally do not contain sustainment support. Therefore, these sustainment support elements should be considered and funded through other SC programs such as FMS or IMET. The SCO and CCMD should include these sustainment elements in their planning documents.

LOA CASE IDENTIFIER

To differentiate among the approximately 13,000 implemented FMS cases, each LOA is assigned a unique case identifier. This unique case identifier is assigned by the IA and should be provided to the customer as soon as possible after receipt of the LOR. However, if the proposed sale must be notified to Congress, the case identifier may not be available until the proposed sale is entered in the *US Federal Register*. The case identifier is found on every page of every LOA. The case identifier has three major components:

- **Country Code:** A two-position code representing the purchasing country or organization. A list of DOD country/activity codes is found in SAMM, table C4.T2. For Pseudo LOAs, the country code is replaced by a Program Code that represents the US Security Cooperation program authorizing the transfer. Program codes are listed in SAMM C4.T2 and C15.T2.
- **Implementing Agency (or service) Code:** A single alpha code that identifies the US MILDEP or other IA that manages the item/system requested and is responsible for preparing the LOA on behalf of the USG. The most common codes are “B” for Army, “D” for Air Force, and “P” for Navy. Refer to chapter 5 or attachment 5-1 of this textbook, or SAMM table C5.T2 for a listing of IA codes.
- **Case Designator:** A three-position alpha code assigned by the IA to identify a specific offer to a country. The first position of the case designator generally identifies the category of item or service to be provided to the purchaser. The meaning of this first position code varies by MILDEP and is not dictated by DSCA policy. See table 6-1 of this chapter or figure C5.F6 of the SAMM for general guidelines used by the MILDEPs in determining the first position of a case designator. The second and third positions are assigned sequentially to distinguish among a country’s separate FMS cases for that same category of item or service.

As an illustration, the case identifier on the LOA in attachment 6-2 is BN-D-EZY. For this example, “BN” is the Country Code for the fictional country of Bandaria. The IA code is “D” for US Air Force, and case designator “EZY” indicates that this is likely one of several cases that the US Air Force has prepared for Bandaria in the “E” equipment category. The case identifier should be used on all documentation relating to its associated LOA, including amendments and modifications, as well as logistics and financial transactions. It is used to track the status of the LOA and is perpetuated in case directives, Military Standard Requisitioning and Issue Procedures (MILSTRIP) documents, FMS billing documents, and the DSCA 1200 computer system.

**Table 6-1
First Position of Case Designator***

<u>First Position of Case Designator</u>	<u>Implementing Agency</u>	<u>Purpose</u>	<u>Type of LOA</u>
A	Army	Materiel and Services for BPC Programs	Pseudo
A	Navy	Ammunition and Explosives	Defined
A	Air Force	Munitions	Defined
A	DCMA	Contract Administration Services	Blanket
A	DLA	Services for BPC Programs	Pseudo
A	NSA	Communications Security Equipment	Defined
B	Army	Repair Parts	Blanket
B	Navy	Spares and Components	Defined or Blanket
C	Navy	Spares and Components	Defined or Blanket
C	Air Force	Cartidge Actuated Devices/Propellant Actuated Devices (CAD/PAD)	Defined or Blanket
D	Army	Training OCONUS (SATMO)	Defined/Blanket/Pseudo
D	Air Force	Communications/Electronic Systems Sale	Defined
D	Navy	Equipment Support Services	Defined
E	Air Force	Equipment	Blanket
E	NSA	Communications Security Equipment	Defined
F	NSA	Communications Security Equipment	Defined
F	DLA	Packing, Crating and Handling Services	Defined or Blanket
F	Navy	Technical Assistance	Defined or Blanket
F	Army	Local Purchase Equipment and Training for Afghanistan	Pseudo
G	DISA	Communications Systems/Networks	Defined
G	NSA	Communications Security Equipment	Defined
G	Navy	Technical and Engineering Services	Defined or Blanket
G	Air Force	Services	Defined or Blanket
G	Navy	Materiel and Services for BPC Programs	Pseudo
G	Navy	Technical Services and Support	Defined or Blanket
H	Army	Corps of Engineers Construction Services	Defined
H	Navy	Direct Requisition Procedures	Defined
H	Navy	Global Peace Operations Initiative Construction and Support	Pseudo
H	NSA	Communications Security Equipment	Defined
I	Army	Excess Defense Articles	Defined
J	Navy	Direct Requisition Procedures	Blanket
J	NGA	Geospatial and Flight Information Publications	Defined
K	Army	Foreign Military Sales Order I and II	CLSSA
K	Navy	Foreign Military Sales Order I and II	CLSSA
K	Air Force	Foreign Military Sales Order I and II	CLSSA
L	Navy	Major End Items, Components and Equipment	Defined
L	Air Force	Equipment	Defined
M	Army	Medical Equipment from the US Army Medical Materiel Agency	Defined
M	Navy	Repair and Return Maintenance	Blanket
M	Air Force	Repair and Return Maintenance	Blanket
M	DLA	Excess Defense Articles and Related Services	Defined or Blanket
N	Army	Coproduction	Defined
N	Air Force	Special Support	Defined
O	Army	Training CONUS (SATFA)	Blanket

First Position of Case Designator	Implementing Agency	Purpose	Type of LOA
O	Air Force	Communications Security Devices	Defined
P	Air Force	Publications	Defined or Blanket
P	Navy	Cartridge Actuated Devices/Propellant Actuated Devices (CAD/PAD)	Defined
Q	Army	Materiel/Services from US activities located in Europe	Defined
Q	Air Force	Systems Sustainment Support	Defined or Blanket
Q	NGA	Geointelligence Products and Services	Defined
R	Navy	Medical Equipment, Spares, Publications, Support Equipment	Blanket
R	Air Force	Spares and Components	Blanket
S	Navy	Weapon System Sale (Ship or Aircraft)	Defined
S	Air Force	Aircraft System Sale	Defined
T	Army	Publications	Blanket
T	Navy	Training	Defined or Blanket
T	Air Force	Training	Defined or Blanket
U	Army	Materiel/Services provided from various Life-Cycle Management Commands, including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.	Defined or Pseudo
U	DLA	Packing, Crating, and Handling Services in Support of BPC Programs	Pseudo
U	DTRA	Vulnerability Assessment and Protection Services	Defined
U	Navy	Major Items in Support of BPC Programs	Pseudo
V	Army	Materiel/Services provided from various Life-Cycle Management Commands, including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.	Defined
V	Air Force	Modifications and Upgrades	Defined or Blanket
W	Army	Materiel/Services provided from various Life-Cycle Management Commands, including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.	Defined
W	Missile Defense Agency	Missile Defense Systems and Services	Defined
X	Army	Materiel/Services provided from various Life-Cycle Management Commands, including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.	Defined
Y	Army	Materiel/Services provided from various Life-Cycle Management Commands, including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.	Defined
Y	Air Force	Missile System Sale	Defined
Y	DLA	Catalog/Services/Logistical Data	Blanket
Z	Army	Materiel/Services provided from various Life-Cycle Management Commands, including but not limited to system package sales, munitions, spare parts, equipment, technical services, maintenance, etc.	Defined
Z	Air Force	Airborne Warning and Control Systems	Defined
Z	DLA	Catalog Services/Logistics Data	Blanket

*Table 6-1 shows the most common applications of the case designator first position. However, each IA may make exceptions to how the first position is assigned.

2.5 The Purchaser agrees not to divert articles and services received under this LOA for purposes or uses other than those for which it was furnished, including, but not limited to, any use that could contribute to the acquisition, design, development or production of a "missile," as defined in section 74 of the Arms Export Control Act (AECA) (22 U.S.C. 2797c). The items will be used only for the purposes stated and such use will not be modified nor the items modified or replicated without the prior consent of the USG; neither the items nor replicas nor derivatives thereof will be retransferred without the consent of the USG. The USG has the right to take action under section 73(a) of the AECA (22 U.S.C. 2797b(a)) in the case of any export or transfer of any Missile Technology Control Regime (MTCR) equipment or technology that contributes to the acquisition, design, development or production of missiles in a country that is not an MTCR adherent.

2.6 The Purchaser will maintain the security of such article or service and will provide substantially the same degree of security protection afforded to such article or service by the United States Government. To the extent that items, including plans, designs, specifications, technical data, or information, furnished in connection with this LOA may be classified by the USG for security purposes, the Purchaser certifies that it will maintain a similar classification and employ measures necessary to preserve such security, equivalent to those employed by the USG and commensurate with security agreements between the USG and the Purchaser. If such security agreements do not exist, the Purchaser certifies that classified items will be provided only to those individuals having an adequate security clearance and a specific need to know in order to carry out the LOA program and that it will promptly and fully inform the USG of any compromise, or possible compromise, of US classified material or information furnished pursuant to this LOA. The Purchaser further certifies that if a US classified item is to be furnished to its contractor pursuant to this LOA: (a) the item will be exchanged through official Government channels, (b) the specified contractor will have been granted a facility security clearance by the Purchaser at a level at least equal to the classification level of the US information involved, (c) all contractor personnel requiring access to such items will have been cleared to the appropriate level by the Purchaser, and (d) the Purchaser is also responsible for administering security measures while the item is in the contractor's possession. If a commercial transportation agent is to be used for shipment, the Purchaser certifies that such agent has been cleared at the appropriate level for handling classified items. These measures will be maintained throughout the period during which the USG may maintain such classification. The USG will use its best efforts to notify the Purchaser if the classification is changed.

2.7 Pursuant to section 505 of the Foreign Assistance Act of 1961, as amended (FAA) (22 U.S.C. 2314), and section 40A of the AECA (22 U.S.C. 2785), the USG will be permitted, upon request, to conduct end-use monitoring (EUM) verification with respect to the use, transfer, and security of all defense articles and defense services transferred under this LOA. The Purchaser agrees to permit scheduled inspections or physical inventories upon USG request, except when other means of EUM verification shall have been mutually agreed. Upon request, inventory and accountability records maintained by the Purchaser will be made available to US personnel conducting EUM verification.

2.8 The USG is not a party to any offset agreements/arrangements that may be required by the Purchaser in relation to the sales made in this LOA. The USG assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs. To the extent that the Purchaser requires offsets in conjunction with this sale, offset costs may be included in the price of contracts negotiated under this LOA. Such costs shall be determined or deemed reasonable in accordance with SUBPART 225.73 of the Defense Federal Acquisition Regulation Supplement (DFARS). If the Purchaser desires visibility into these costs, the Purchaser should raise this with the contractor during negotiation of offset arrangements.

Section 2 outlines certain rights and obligations of the purchaser associated with the LOA sales contract.

Section 2.1 Purchaser Right to Cancel

In section 1.5, the USG retains the right to cancel or suspend part or all of the case. Similarly, this section provides the FMS customer the right to change their mind. Simply because the customer accepted the case at one point does not mean the customer is locked into that decision. The customer is a voluntary participant and can cancel the entire LOA or delete specific items prior to delivery.

If the customer chooses to exercise this right, the customer is financially liable for all the associated termination costs. Termination costs are incurred to cancel work that is already underway to execute the LOA. Most termination costs relate to payments to contractors arising from contract cancellations. Generally, contractors are entitled to certain payments when contracts are unilaterally cancelled prior to normal contract completion. Depending on how much work is already in progress, the termination cost to cancel or delete items may be substantial. Because this condition provides the right to cancel, termination liability is a factor calculated into the LOA payment schedule. The calculation of termination liability ensures that at any point in the LOA execution, the US should have collected sufficient funds in advance from the customer to cover all outstanding liabilities in the event the customer elects to cancel part or all of the LOA. More information on termination liability is contained in chapter 12 of this textbook, “Financial Management.”

Section 2.2 End-Use Purposes

This condition stipulates that the purchaser will only use the materiel or services purchased under the LOA for certain purposes, referred to as end-use. At first, it may appear unfair that the USG attaches end-use limitations to the sale but we must remember that the USG is selling defense articles and services rather than consumer products. Additionally, as discussed in section 1.1, this is often the same materiel used by US military forces. As such, the USG has valid concerns over how these articles or services are used by the customer. More information on end-use is contained in chapter 18, “End-Use Monitoring and Third-Party Transfers.”

Section 2.3 Reports Verification

Section 2.3 establishes the right of the USG to verify any reports that defense articles or services are being used for purposes other than as specified in section 2.2. The incorporation of this language into the terms and conditions of the LOA allows the USG the right to investigate any reports of violation to the use provisions of the LOA.

Section 2.4 Third Country Transfers

Section 2.4 restates the obligations imposed on the FMS purchaser under the AECA. Although the FMS customer actually becomes owner of the material, the USG requires, as a condition of the sale, that the purchaser agree to not resell or transfer possession of the purchased items without first obtaining written USG consent.

This condition does not mean that the customer can never sell the material or turn over possession for maintenance to a third country. It simply means that the USG is very concerned about who has access to and possession of this defense materiel. Before offering the LOA, the USG determined that it was in its best interest to permit the customer to possess this materiel. The USG wants to ensure that possession of this defense materiel by a prospective third party is also in the USG’s best interest. More information on third-party transfers is contained in chapter 18, “End-Use Monitoring and Third-Party Transfers.”

This condition also requires FMS purchaser to respect the proprietary rights of US contractors. US industry has often made significant investments in defense technologies that enable the firm to compete both commercially and in the defense sector. This condition protects the intellectual property of US contractors from misuse.

This section also specifically identifies conditions related to Cyprus. It does appear unusual that provisions regarding Cyprus would be included in the standard terms and conditions used with all FMS LOAs. This is an example of the political influences that impact SA. The Congress was concerned about unauthorized transfers of defense articles to Cyprus. As a result, Congress specifically addressed this concern within the language of the AECA. Given these conditions relative to Cyprus are contained within the law, these same requirements are included in the standard terms and conditions used with all FMS LOAs.

Section 2.5 Missile Technology Control Regime

Section 2.5 alerts the customer not to divert articles and services provided under the LOA for purposes other than for which they were furnished. This specifically excludes any use that would support the design, development or production of missile technology as specified in the AECA.

Section 2.6 Security Requirements

The USG is very concerned about preserving the security of classified material transferred under FMS. This condition requires the FMS customer to maintain equivalent security measures. This does not mean the customer must use the same USG security procedures. It means that the end result of the customer's security process will achieve a level of security that is equivalent to the security level provided by the US. Additionally, the customer is responsible for security not only when the item is in government possession, but also when it is provided to the FMS purchaser's domestic contractors or when it is in the transportation pipeline. More information on security controls is contained in chapter 7, "Technology Transfer, Export Controls, and International Programs Security."

Section 2.7 End-Use Monitoring

Section 2.7 states the USG retains the right to conduct end-use monitoring (EUM) verification of articles and services transferred under the LOA. The purchaser agrees to permit scheduled inspections or physical inventories upon request and make accountability records available to USG EUM personnel. A more detailed explanation of EUM is contained in chapter 18, "End-Use Monitoring and Third Party Transfers."

Section 2.8 Offset Arrangements

Section 2.8 incorporates a previous mandatory note on offset arrangements. Section 2.8 notifies the customer that the USG is not a party to any offset arrangements and assumes no obligation to administer any offset requirements. In addition, Section 2.8 notifies the customer any offset costs (indirect) shall be determined or deemed to be reasonable in accordance with the DFARS. A more detailed explanation of offsets is contained in chapter 9, "Foreign Military Sales Acquisition Policy and Process."

Section 3 Indemnification and Assumption of Risks

3.1 The Purchaser recognizes that the USG will procure and furnish the items described in this LOA on a non-profit basis for the benefit of the Purchaser. The Purchaser therefore undertakes to indemnify and hold the USG, its agents, officers, and employees harmless from any and all loss or liability (whether in tort or in contract) which might arise in connection with this LOA because of:

3.1.1 Injury to or death of personnel of Purchaser or third parties,

3.1.2 Damage to or destruction of (a) property of DOD furnished to Purchaser or suppliers specifically to implement this LOA, (b) property of Purchaser (including the items ordered by Purchaser pursuant to this LOA, before or after passage of title to Purchaser), or (3) property of third parties, or

3.1.3 Infringement or other violations of intellectual property or technical data rights.

3.2 Subject to express, special contractual warranties obtained for the Purchaser, the Purchaser agrees to relieve the contractors and subcontractors of the USG from liability for, and will assume the risk of, loss or damage to:

3.2.1 Purchaser's property (including items procured pursuant to this LOA, before or after passage of title to Purchaser), and

3.2.2 Property of DOD furnished to suppliers to implement this LOA, to the same extent that the USG would assume for its property if it were procuring for itself the items being procured.

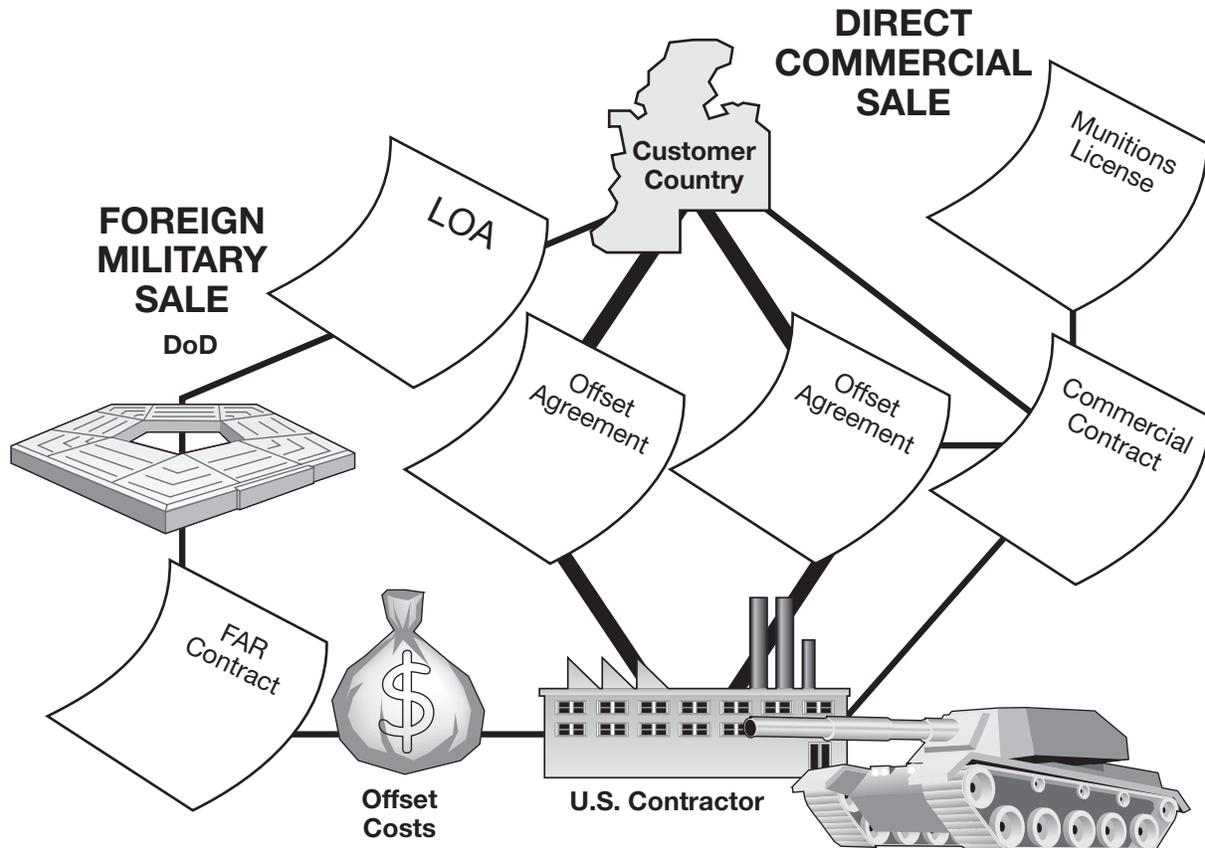
Section 3 begins by reminding the customer that the USG's purpose in the FMS sales contract is not for financial gain. Obviously, the USG believes the sale is in its best interest but financial profit is not the motivating factor. In recognition of this fact, this condition states that the purchaser indemnifies the USG. This means that the purchaser agrees to accept the risks of financial liabilities that may arise in the execution of the LOA.

At first, the requirement for indemnification may seem unfair and appear that the USG is placing undue risk upon the FMS purchaser. However, we must remember that the USG is conducting business on behalf of the FMS customer in the same manner that the USG conducts business for itself. As a normal business practice, the USG exposes itself to a certain degree of risk. Given the broad range of risks the USG faces, it is less expensive to absorb the occasional loss than it is to purchase insurance to insulate against all these risks. In procurements, the USG may include limitation of liability clauses to relieve contractors from certain liabilities (like acts of God). The reason for limitation of liability contract clauses is to reduce overall procurement costs. If contractors were required to cover all potential risks, they would demand a higher contract price in compensation for being exposed to greater risk.

When it comes to executing FMS programs, the USG faces certain risks just like it does while conducting business for itself. Under the LOA, the USG is simply requiring the customer to absorb the risks that the USG would absorb if the actions were conducted in support of a USG requirement. So, in reality, the USG is not asking the customer to be exposed to an extraordinary degree of risk. The USG is only requiring the customer to stand in the USG's place to face the same level of risk that the USG normally faces in conducting business for itself.

- No USG agency shall encourage, enter directly into, or commit US firms to any offset arrangement related to the sale of US defense articles or services
- USG funds shall not be used to finance offsets
- Negotiations or decisions regarding offset commitments reside with the companies involved
- Exceptions require Presidential approval through the National Security Council (NSC)

Figure 9-2
Offset Relationships



Offset Costs

When a customer requires an offset in association with a major procurement, do they actually obtain the offset benefit at no cost? The fundamental principle of business dictates that any enduring enterprise cannot incur expenses that exceed revenue. This extends to defense sales involving offsets. Firms may agree to perform an offset to win an acquisition competition, but they must recover the cost to perform the offset through the price charged in the primary system contract. In a direct commercial contract, the contractor must build the anticipated cost for performing the offset into its contract prices.

Under FMS, the offset cost recovery process is awkward. The USG wants US firms to successfully compete for international business and permits offset arrangements as a legal business activity. Likewise, the USG wants international customers to have the option to purchase military systems using either the FMS process or the DCS process. Under FMS, the contractor is actually working directly for

DOD, but the USG permits this same contractor to concurrently enter into an offset agreement directly with the FMS purchaser. Although DOD is clearly not a party to the offset agreement, the DFARS, subpart 225.7303-2 recognizes that contractors performing business in support of foreign governments or international organizations may incur certain additional legitimate business costs. Offset costs are one type of cost the DFARS considers as allowable. Contractors are permitted to build the cost of performing the offset into the contract price it charges the USG. Under FMS pricing policy, the USG must recover all the costs of conducting FMS; as a result, if offsets are required by the purchasing country, the LOA price will be incrementally higher in order to cover the cost of the offset. So, on the surface, it may appear that the customer is receiving the offset at no cost, but offset expenses are actually included as a part of the applicable line item unit cost in estimated prices quoted in the LOAs. It is the contractor's responsibility to inform the implementing agency when estimated offset costs have been included in FMS pricing.

The additional cost to perform the offset generally results in a higher contract cost which, in turn, results in a higher FMS cost under the LOA. Although not a party to the offset agreement, the USG serves as the banker for the offset. Although the DFARS states offset costs will be considered allowable, it does not mean the contractor does not have to exercise fiscal responsibility in offset performance. The DFARS requires the CO to review and determine that the contract costs, to include offset costs claimed by the contractor, are both allocable and reasonable. A recent change to DFARS 225.7303-2 directs that all indirect offset costs are to be deemed reasonable with no further analysis necessary by the CO if the contractor provides the CO a signed offset agreement or other documentation showing that the FMS customer made the indirect offset of a certain dollar value a condition of the FMS acquisition. LOA standard term and condition 2.8 reflects this change by referring to the DFARS but does not make specific reference itself to indirect offsets.

It is important to note that the DFARS provision permits offset costs to be included in the costs billed to the USG under the procurement contract only if the LOA is funded with customer funds or repayable credits. If the LOA is funded with non-repayable FMFP funds, offset costs are not allowable.

It is inappropriate for USG personnel to discuss with the foreign government the nature or details of an offset arrangement with a US contractor. However, the fact that offset costs have been included in the P&A or LOA price estimates will be confirmed, should the customer inquire. The customer should be directed to the US contractor for answers to all questions regarding its offset arrangement, including the offset costs.

Offset LOA Standard Term and Condition

LOA standard term and condition 2.8 addresses offsets. This condition summarizes the USG policy regarding offsets in association with FMS.

The USG is not a party to any offset agreements/arrangements which may be required by the Purchaser in relation to the sales made in this LOA. The USG assumes no obligation to administer or satisfy any offset requirements or bear any of the associated costs. To the extent that the Purchaser requires offsets in conjunction with this sale, offset costs may be included in the price of contracts negotiated under this LOA. Such costs shall be determined or deemed to be reasonable in accordance with SUBPART 225.73 of the Defense Federal Acquisition Regulation Supplement (DFARS). If the Purchaser desires visibility into these costs, the Purchaser should raise this with the contractor during negotiation of offset arrangements.

SUMMARY

The fundamental principle regarding contracting for FMS requirements is that the USG essentially treats the FMS customer's requirements as if they were USG requirements. In contracting for FMS, the same contracting regulations, policies and procedures are applied. Per the SAMM, this is one of the principal reasons customers select the FMS system rather than contracting themselves using direct commercial processes.

The unique aspects of the procurement process that pertain to FMS are few in number, but they have a major impact on the FMS process. Competitive source selection is the norm; however, the FMS customer has the option to use other than full and open competition if they desire the USG to contract with a specific firm. Under other than full and open competition procedures, the FMS customers need not provide a rationale for the request.

The USG also has established a comprehensive contract administration infrastructure that will be used to oversee the execution of contracts awarded in support of FMS requirements. Again, the USG uses the same contract administration, quality assurance and contract audit processes for FMS that it uses for normal DOD business.

Offsets are an international market reality. Offsets are permitted in association with FMS when the LOA funding the procurement contract is financed by customer cash or repayable credit. If the LOA is funded by USG grant funds, offset costs claimed by the contractor will be considered unallowable.

REFERENCES

DSCA Manual 5105.38-M, *Security Assistance Management Manual (SAMM)*, chapters 3, 5, 6, and 9. <http://www.samm.dscamilitary.com/>.

Federal Acquisition Regulation (FAR), parts 6, 14, 15, 16, 25, and 31. <https://www.acquisition.gov/far/>.

Defense Federal Acquisition Regulation Supplement (DFARS), part 225, Foreign Acquisition. <http://www.acq.osd.mil/dpap/dars/dfars/html/current/tochtml.htm>.

Department of Commerce. *Offsets in Defense Trade*, Eighteenth Report to Congress. <https://www.bis.doc.gov/index.php/other-areas/strategic-industries-and-economic-security-sies/offsets-in-defense-trade>.

ATTACHMENT 9-1
DSCA Policy MEMORANDUM 09-60, DATED 22 DECEMBER 2009



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 303
ARLINGTON, VA 22202-5408

DEC 22 2009

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT
AGENCY
DIRECTOR FOR SECURITY ASSISTANCE, DEFENSE
FINANCE AND ACCOUNTING SERVICE –
INDIANAPOLIS OPERATIONS
DIRECTOR, DEFENSE INFORMATION SYSTEMS
AGENCY
DIRECTOR, DEFENSE LOGISTIC AGENCY
DIRECTOR, DEFENSE INFORMATION SERVICE
DIRECTOR, DEFENSE REUTILIZATION AND
MARKETING SERVICE
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY

SUBJECT: Foreign Military Sales (FMS) Customer Participation in the DoD Contracting
Process, DSCA Policy 09-60

In 2002, the Security Cooperation Community led the effort for customer participation and acquisition transparency in DoD contracts awarded on behalf of Foreign Military Sales (FMS) customers. We successfully sponsored the November 22, 2002, Defense Federal Acquisition Regulation Supplement (DFARS) amendment that provided authorization for FMS customers to participate in specifications development, delivery schedule development, identification of warranties, and other contractual requirements unique to the customer.

The DFARS change encourages customer participation in both the acquisition process and discussions with industry. Customers also are allowed to participate in the contract negotiation process within the limitations of the section, to the degree authorized



substitute item that provides at least the same capability or readiness as the item being sold (e.g., sale of an M-48 tank and purchase of an M-60 tank). The price of the item to be replaced must be the best estimated cost of the replacement item available at the time the item is dropped from inventory, plus the nonrecurring recoupment charge of the item being sold, adjusted for the remaining service life of the item being sold. The final bill will utilize the best pricing information available if actual replacement procurement cost is not known. This must be the final cost to the purchaser regardless of the actual cost of final replacement procurement. [FMR volume 15, chapter 7, section 070302C.2]

Excess Defense Articles (EDA)

Excess defense articles (EDA) are items excess to the approved force acquisition level and approved force retention stock requirements of all DOD components. A determination of “excess” is made by DOD based on recommendation by the applicable DOD system or item manager. Any EDA transfers from DOD inventories are in an “as is, where is” condition which is defined in chapter 10 of this textbook. The cost of excess items is determined by computing and then using the highest of market, scrap, or fair value plus any applicable non-recurring (NC) and applicable overhaul charges. Military articles are not sold for less than scrap value. If the item is repaired, rehabilitated, or modified for transfer, this extra cost will be also applied to indicate the final price of the item. Fair value is based on the applicable Federal Condition Code as shown in figure 12-3. The fair value is computed using the fair value rates associated with the Federal Condition Code of the asset multiplied by the established inventory price [FMR volume 15, chapter 7, section 070304]. If the IA proposes the price of materiel to be less than the 5 percent minimum threshold indicated in FMR table 7-2, or if they propose to waive the overhaul costs, a detailed justification must be sent to DSCA. If DSCA endorses the IA proposal, it will forward that package to OUSD(C) for final approval.

**Figure 12-3
Federal Condition Codes for EDA**

To calculate EDA fair value, determine the applicable percentage at the intersection of the EDA Supply Condition and Disposal Condition Codes and then multiply percentage by the established inventory price.				A	B	C	D	E	F	G	H	S
				SERVICEABLE				UNSERVICEABLE				
				Issuable without qualification	Issuable without qualification	Priority Issue	Test/Modification	Limited Restoration	Repairable	Incomplete	Condemned	Scrap
Disposal Condition Codes	1	Unused	Good	50%	30%	30%	30%					
	2		Fair	30%	20%	20%	20%					
	3		Poor	10%	10%	10%	10%					
	4	Used	Good	40%	30%	30%	30%					
	5		Fair	30%	20%	20%	20%					
	6		Poor	10%	10%	10%						
	7	Repairs Required	Good				20%	20%	20%	20%	10%	
	8		Fair				5%		10%		5%	
	9		Poor				5%		5%		5%	
	X	Salvage							5%	5%	5%	
S	Scrap											

Personnel Services

Many FMS and BPC LOAs contain personnel support costs such as engineering services, configuration data management services, technical services, training team members, etc. These services must be priced to recover all USG costs and will be included as separate, well-defined lines on the

LOAs. This section excludes personnel performing DOD training services as that will be discussed in the next section (Training Pricing). DOD personnel services LOA lines must be priced to recover not only the appropriate wages, but also all appropriate applicable entitlements. The base pricing for both civilians and military personnel performing these services include wages, acceleration factors, temporary duty/permanent change of station costs, and personnel support costs. When determining the pricing for personnel services, every attempt should be made to use actual costs. If actual cost data is not available, estimated pricing is acceptable. The costs must be substantiated by a reliable audit trail [FMR volume 15, chapter 7, section 0702].

SAMM table C9.T2 (Case-Related Manpower Functions and Funding Source Manpower Matrix) indicates which activities should be included as line items on the case (direct charges) and which activities are covered under the FMS Administrative Surcharge (indirect charges). For LOAs or case line items “accepted” after August 1, 2006, any program management services will be included on well-defined, services line items on the case.

Services performed by DOD civilian personnel must be priced at rates in effect at the time the services are performed. Civilian personnel salary tables are available at the Office of Personnel Management (OPM) web site (<http://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/>). There are several components to civilian personnel pricing—including base salary, leave and holidays acceleration, civilian personnel fringe benefit rate, and the unfunded civilian retirement (UCR) factor. Base salary rates must be accelerated as discussed in the FMR volume 15, chapter 7, section 070202. The applicable Civilian Personnel Fringe Benefits are posted at the OSD Comptroller (<http://comptroller.defense.gov/>) website, and can be accessed via the “DOD Reimbursable Rates” link on that page. The notes within that link’s table identify which percentages should be used for Building Partner Capacity (BPC) and those that should be applied for FMS LOAs. The DSCA Policy Memo 13-29 was issued to clarify the appropriate pricing of civilian personnel costs applicable to both FMS and BPC cases as priced in DSAMS. The pricing principles apply regardless if the civilian pay is a stand-alone line or whether it is embedded into a unit cost.

Military personnel services must be priced using the composite standard pay rates current at the time services are performed. Current reimbursable rate tables are available at the OSD Comptroller web site (<http://comptroller.defense.gov/>) and can be accessed via the “DOD Reimbursable Rates” link on that page. Rates applicable to FMS are computed using the “Annual Rate Billable to Other Federal Agencies” plus the Medicare-Eligible Retiree Health Care (MERHC) accrual. Travel, per diem, living allowance payments, and other entitlements to DOD personnel working on FMS cases must be identical to the payments and entitlements of DOD personnel working on direct DOD mission assignments at similar locations [FMR volume 15, chapter 7, section 070205]. The FAA, Section 503(a)(3) permits the exclusion of salaries of members of the Armed Forces (other than Coast Guard) if the sales case for defense articles, services (including training), or for design and construction services is totally financed by MAP Merger or by non-repayable FMF. [FMR volume 15, chapter 7, section 070104.C.5]

Training Pricing

DOD tuition rates for training must be based on the costs of providing the training. There are several factors that impact the tuition rate for which an international student is eligible. The source of financing is one determinant (e.g., whether a country uses its national funds to purchase training or whether US appropriated funds are used to purchase the training). Other factors include whether a country is a high-income country, whether it has signed a reciprocal training agreement with the US, and/or whether the country is concurrently in receipt of IMET. A general guide for pricing training is also addressed in FMR volume 15, chapter 7, table 7-3 and SAMM C10.14. Detailed instructions to be followed in developing the tuition rates are included in FMR volume 15, chapter 7, section 071002.

Figure 12-4

Transportation Cost Look-Up Table Example

NSN	ITEM	CODE 8	CODE 9
		ESTIMATED ACTUAL TOTAL	ESTIMATED ACTUAL TOTAL
APACHE			
1615-01-252-6376	TRANSMISSION	\$1,018	\$18,903
1615-01-306-6948	HEAD, ROTARY WING	\$1,104	\$27,955
1615-01-310-4978	BLADE, ROTARY WING	\$1,027	\$10,447
1615-01-273-7608	SERVOCYLINDER	\$834	\$1,731
2835-01-172-6200	ENGINE, GAS TURBINE	\$970	\$4,587
ATACMS			
1427-01-274-3904	GUIDED MSL AND LAUNCH POD ASSEMBLY, M39	\$1,410	\$48,567
1427-01-445-3758	GUIDED MSL AND LAUNCH POD ASSEMBLY	\$1,417	\$51,499
1427-01-494-1457	GUIDED MSL AND LAUNCH POD ASSEMBLY, M39A1	\$1,410	\$46,849

- When customers use the DTS and either an ‘above-the-line’ charge or the Transportation Cost Look-Up Tables are not applicable, a Delivery Term Code (DTC) percentage is applied to the line to compute an estimated amount for transportation costs on the LOA. DTC percentages (refer to figure 12-5) are based on the mode of transportation provided (e.g., port-to-port, depot-to-in-country destination) and the rate area where articles are being delivered.
 - ◊ For defined order lines, the applicable DTC percent is charged on the LOA for the first \$10,000 in unit cost, and then 25 percent of the DTC percent for the portion of the unit cost that exceeds \$10,000.
 - ◊ For blanket order lines, the applicable DTC percent is charged on the LOA for the total line value.

**Figure 12-5
DTS and TBC Percentage Rates**

Rate Area	DTC 4 Point of Origin (TBC D)	DTC 2 Staging (TBC A, B, E)	DTC 5 CONUS Port of Embarkation (TBC A, B, E)	DTC 8 DoD CONUS Aboard Vessel/ACFT (TBC H, U)	DTC 9 Point of Debarkation Discharged (TBC C, V)	DTC 7 OCONUS Inland Destination (TBC G, Y)
1	0.00%	0.00%/3.75%	0.00%/3.75%	2.50%/6.25%	7.50%/11.25%	10.50%/14.25%
2	0.00%	0.00%/3.75%	0.00%/3.75%	2.50%/6.25%	15.50%/19.25%	18.50%/22.25%

Notes:

1. Rates documented in SAMM C9 table C9.T4a (Delivery Term Codes and Percentages) per FMR Volume 15, chapter 7, section 070503 (Transportation).
2. Rate Area 1 includes Europe, Hawaii, Latin America (Central America and Caribbean Basin, and Mediterranean Ports).
3. Rate Area 2 includes Newfoundland, Labrador, Thule, Iceland, South America (East and West coasts), Far East, African Ports (other than Mediterranean), and Near East.
4. For DTCs with multiple percentages, the first percentage listed applies to DWCF material while the second percentage applies to material other than DWCF.
5. Refer to DISAM ‘Red’ book appendix H-J and FMR Volume 15, chapter 8, for additional Transportation Bill Code (TBC) definitions and information.
6. Alphabetic Delivery Term Codes (DTCs) are “round-trip” and are used for material returns (e.g., material repairs). Those alphabetic DTCs are defined in the DISAM Green book chapter 11 and Red book appendix F.
7. Delivery Term Codes 3 and 6 were eliminated in 2010 and should not be used when pricing LOAs.

- Delivery Term Codes (DTCs) for return of repaired materiel are documented in the FMR volume 15, chapter 8, table 8-38, and in chapter 11 of this textbook, “Security Cooperation Transportation Policy.” Report the return of repaired materiel using Transportation Bill Code (TBC) “L” per FMR volume 15, chapter 8, section 080402.H.4.b.
- A Transportation Bill Code (TBC), if used, overrides the DTC for both blanket and defined order line entries. TBCs are used to bill FMS purchasers for “below-the-line” transportation costs and can be used for multiple purposes including, if the actual method of transportation is different than that identified by the DTC. The list of TBCs is documented in the FMR volume 15, chapter 8, section 080402Q, table 8-48, and in the DISAM *Security Cooperation Billing Handbook*, (often referred to as the ‘Red’ book), appendix H.
- The TBC pricing percentages to be used for “Transportation Charges Based on Transportation Bill Codes for Inventory Items Shipped by DWCF” are documented in the FMR volume 15, chapter 8, table 8-49.
- The TBC pricing percentages to be used for “Transportation Charges Based on Transportation Bill Codes for Inventory Items Not Shipped by DWCF” are documented in the FMR volume 15, chapter 8, table 8-50.
- The TBC pricing percentages to be used for “Transportation Charges Based on Transportation Bill Codes for Inventory Items Not Shipped by DWCF” are documented in the FMR volume 15, chapter 8, table 8-50.
- For excess items, transportation costs are computed on the original acquisition value and not the excess materiel’s reduced value. The use of actual costs, when known, is highly encouraged.
- The transportation below-the line costs are shown on the LOA’s block eleven (11) in the Estimated Cost Summary section.

Administrative Charges

The Administrative surcharge is collected to cover the USG costs of administering (including the Standard Level of Service as defined in the SAMM C9.T2) FMS and “FMS-like” (i.e., BPC) programs. It is included as a percentage of applicable line items as a below-the-line charge on the LOA and the quarterly bill. It is applied to the selling price with the exception of program management lines, small case management lines (SCML), and approved waivers (as discussed in the Training section of this chapter and the following waiver paragraphs). The administrative surcharge percentage is subject to change without prior approval of the purchaser. The administrative surcharge applicable to each line on the LOA is to be specified as a note to each LOA document. For cost increases within the scope of the LOA, modifications retain the administrative rates associated with the lines modified. When an amendment adds a new line to an existing case, the administrative surcharge rate in effect at that time is applied. For any case that is closed, the USG will retain funds to pay for estimated administrative costs associated with the case, even if no articles or services have been delivered (\$0 delivered value). The “Administrative Charge” below-the line costs are shown on the LOA’s block ten in the Estimated Cost Summary.

Costs associated with administering the FMS program must always be paid and/or collected (AECA, section 21(e)(2)). If a waiver of the FMS Administrative Surcharge for the purchaser is approved in one of the circumstances described below, it must still be recouped from another funding source.

Waiver by the Implementing Agency: FMR volume 15, chapter 7, and AECA, Section 21(e) (2) allow the IA to waive or reduce FMS Administrative Surcharges that should be assessed to the

Billing statements are prepared and forwarded to the purchaser on a quarterly basis (i.e., for quarters ending 31 December, 31 March, 30 June, and 30 September) [SAMM C9.T16]. This FMS billing time line cycle (depicted in figure 12-6 below) must be taken into consideration during the computation of the initial deposit period and any quarterly payments thereafter.

**Figure 12-6
FMS Billing Time Line**

Completed Work Period/ Quarter	Projected Mailing Date	Payment Due to DFAS SCA	Planned Future Work Period/ Quarter
01 Oct - 31 Dec	15 January	15 March	01 Apr - 30 Jun
01 Jan - 31 Mar	15 April	15 June	01 Jul - 30 Sep
01 Apr - 30 Jun	15 July	15 September	01 Oct - 31 Dec
01 Jul - 30 Sep	15 October	15 December	01 Jan - 31 Mar

The payment dates shown on the payment schedules must be compatible with the billing cycle. Determining the initial deposit period and the earliest quarterly payment date is based on the LOA's offer expiration date (OED)/expected implementation date [SAMM C9.T12]. For example, if the LOA OED (like the BN-D-YCY LOA) is within the 11 September through 10 December date range, the LOA initial deposit should cover the forecast of expenditures from the LOA OED through 31 March (as shown in figure 12-7). As a result, the first quarterly payment date (after the initial deposit) should be scheduled for 15 March in order to cover costs that are expected to be incurred in the 01 April–30 June time period.

**Figure 12-7
Determining Initial Deposit Period**

For anticipated offer expiration/ implementation date:	Earliest payment date shown in payment schedule is:	For costs to be incurred in:
11 Sep - 10 Dec	15 Mar	Apr - Jun
11 Dec - 10 Mar	15 Jun	Jul - Sep
11 Mar - 10 Jun	15 Sep	Oct - Dec
11 Jun - 10 Sep	15 Dec	Jan - Mar

What's the OED for case YCY? 30 Sep

Foreign Military Sales Billing Statement

The FMS Billing Statement, DD Form 645 (see example in figure 12-8) is prepared by DFAS–SCA. In the absence of a special billing arrangement, the FMS Billing Statement represents the USG’s official claim for payment to the purchaser for the articles and/or services agreed to on the LOA. It also furnishes an accounting to the purchaser for LOA costs incurred to-date. In addition to identifying deliveries or performance of services made on the purchaser’s case, the DD Form 645 also reflects the forecasted costs which relate to the next quarter’s financial requirements on that same case. These forecasted costs may include anticipated progress payments, contractor holdback, TL reserve, accrued and future deliveries, and associated costs (e.g. NC, CAS, administrative/accessorial, etc.). For example, the DD Form 645 for the period ending 31 December would contain delivery transaction data provided to DFAS SCA in October, November, and December and a forecasted financial requirement for April, May and June. The 15 March payment due date shown in the figure 12-8, DD Form 645 example below would also be the same payment date as contained in the estimated payment schedule of the applicable LOA. [FMR volume 15, chapter 8, section 080204 and table 8-1, and the DISAM ‘Red’ book chapter 3]

**Figure 12-8
FMS Billing Statement, DD Form 645 Example**

FOREIGN MILITARY SALES BILLING STATEMENT				UNITED STATES OF AMERICA DEPARTMENT OF DEFENSE/AIR FORCE				
1. TO: BANDARIA ARMY		2. THIS IS A BILLING STATEMENT BASED ON CASH REQUIREMENTS. PAYMENT IS DUE BY 15 SEP 15		3. STATEMENT NUMBER: 15-06DB		4. FOR PERIOD ENDED: 15 JUN 30		5. DATE PREPARED: 15 JUL 15
CASE IDENTIFICATION AND DELIVERY STATUS				FINANCIAL STATUS				
6. CASE & ITM NBR	7. TOTAL VALUE ORDERED	8. CUMULATIVE DELIVERY COSTS END PRIOR PERIOD	9. CURRENT PERIOD DELIVERY COSTS (ATTACHMENT 1)	10. CUMULATIVE DELIVERY COSTS & WORK IN PROCESS	11. FORECASTED REQUIREMENTS (NOTE A)	12. TOTAL FINANCIAL REQUIREMENTS	13. CUMULATIVE PAYMENTS RECEIVED	14. AMOUNT DUE AND PAYABLE
YC1								
001	78,683,170.00 HUMDINGER MISSILES	0.00	0.00	0.00				
002	619,300.00 LAUNCHERS	0.00	0.00	0.00				
003	2,017,000.00 SPARE PARTS	0.00	0.00	0.00				
004	488,840.00 TRAINING MISSILES	0.00	0.00	0.00				
005	181,800.00 TECHNICAL DATA PKG	181,800.00	0.00	181,800.00				
006	3,017,692.00 CONTAINERS	0.00	0.00	0.00				
007	1,563,480.00 SUPPORT EQUIPMENT	143,319.00	78,173.00	221,492.00				
008	2,163,402.00 CONTRACTOR SPT	198,311.85	108,170.10	306,481.95				
009	2,021,000.00 PARTS/SPT EQUIP	185,258.33	101,050.00	286,308.33				
010	12,372.00 AF TECH ORDERS	1,790.68	976.74	2,767.42				
011	1,636,316.00 AIRLIFT, AMC	0.00	0.00	0.00				
012	1,008,500.00 R+R OTHER	92,445.83	50,425.00	142,870.83				
013	631,250.00 R-R MISSILES	57,864.58	31,562.50	89,427.08				
014	2,694,188.00 WARRANTY	0.00	0.00	0.00				
700	657,000.00 TECH ASSISTANCE	54,750.00	32,850.00	87,600.00				
701	73,338.00 SITE SURVEYS	61,115.00	12,223.00	73,338.00				
702	2,514,403.00 OTHER SERVICES	209,533.58	125,720.15	335,253.73				
989	260,000.00 TRAINING	59,583.33	32,500.00	92,083.33				
L6A	3,508,507.00 ADMINISTRATIVE FEE	43,602.03	20,077.77	63,679.79				
L00	235,182.00 ACCESSORIAL COSTS	21,558.35	11,759.10	33,317.45				
WIP	WORK IN PROCESS			23,786,978.07				
CASE TOTAL	103,986,740.00	1,310,932.58	605,487.35	25,703,398.00	10,277,127.00	35,980,525.00	25,703,398.00	10,277,127.00

DD FORM 645 (NOV 87) PREVIOUS EDITIONS ARE OBSOLETE (O)

DD Form 645 Supporting Documentation

In addition to the DD Form 645, the purchaser is provided certain attachments, as applicable, which contain more detailed information. The DD Form 645 supporting attachments include: (1) FMS Delivery Listing, (2) FMS Reply Listing to Customer Requests for Adjustments, (3) FMS financial forecast, (4) holding account statement, and the (5) accelerated case closure suspense account statement. Each of these documents is explained in greater detail in the following paragraphs.

Contingencies

- Remain flexible
- Remain in communication. Charge your cellphone. Bring a two-way radio.
- Remain mobile. Have your own vehicle standing by.
- Delegate. For larger visits, create a team of action officers. The senior person needs to be free to escort, politic, respond to contingencies. If he/she is tied down in the mechanics of the visit, they won't be able to direct a contingency response.

STATE DEPARTMENT PLANNING

As mentioned earlier, DOS plans at the embassy level in two parts: the Integrated Country Strategy (ICS) and the Mission Resource Request (MRR). The Ambassador creates the ICS as a three-year strategy, and annually submits the MRR to request funding to meet the strategy. The SDO/DATT and SCO will, of course, be an integral part of the ICS and MRR, in both the development and execution of the strategy. The following description of the DOS planning process is meant only as a cursory overview of the process as it might impact the DOD elements in the embassy, and in no way covers the full extent of the DOS activity.

The planning process starts with the National Security Strategy, from which the DOS/USAID Joint Strategic Plan (JSP) is derived and, not surprisingly, defines the national strategic priorities that guide global engagement jointly for DOS/USAID. It identifies the diplomatic and development capabilities needed to advance US interests. The current version covers a four-year outlook, FY14-17, and can be found at the www.state.gov/s/d/rm website. It sets institutional priorities and provides strategic guidance as a framework for the most efficient allocation of resources, which includes directives for improving how embassies do business, from strengthening interagency collaboration to increasing State and USAID engagement with civil society, the private sector and others. DOD planners MUST be aware of the goals and objectives listed in the JSP, as many of the exigent objectives touch on areas in which DOD will be engaged (e.g., stability/conflict resolution, human rights, rebalancing, security cooperation, among others).

To supplement the multi-year strategy, DOS publishes an Annual Performance Plan, describing the diplomacy and development efforts of DOS and USAID to achieve the strategic objectives and performance goals set forth in the Joint Strategic Plan. In countries receiving Foreign Assistance from the US, the SCO will most certainly be involved in compiling data for the embassy's input to the Performance Plan, the annual December data call for performance information. In the Performance Plan, the Ambassador describes achievements of the previous fiscal year: anecdotes, training numbers, major deliveries, as well as activities that occurred during the reporting period, regardless of FY funding. This information is submitted to the President, the Congress, and the public. Additionally, halfway through the fiscal year, the SCOs will also be asked for data for the Operational Plan, which details the spend plan for newly-appropriated funds.

From JSP guidance, the regional and functional bureaus at DOS and USAID (e.g., the Africa Bureaus) prepare a Joint Regional Strategy laying out their plan to achieve their part of the national strategy. These regional and functional strategies can be found in the Intellipedia website.

Separately, USAID also prepares the USAID Policy Framework, to provide its staff and partners with USAID's core development priorities as well as operational principles. USAID also develops, for some countries, Country Development Cooperation Strategies. These documents can be found at the www.usaid.gov USAID website.

All of these documents guide the individual embassies and USAID missions in developing their ICS. At this point in the planning process, plans start to flow back up the “chain-of-command” as resource requests. Individual embassies and missions send consolidated MRRs to bureaus, who prioritize and prepare a Bureau Resource Request (BRR). At the department level, DOS consolidates priorities and submits their budget requests to the Office of Management and Budget.

The DOS and DOD requests flow through the White House and become the President’s proposed budget which is submitted to Congress for consideration. The document sent annually by the President is called the *Congressional Budget Justification—Department of State, Foreign Operations, and Related Programs*. The CBJ details the operating expenses of the DOS, and all of the foreign assistance accounts requested for the upcoming year. The SDO/DATT and SCO will most likely have a hand in drafting part of the embassy’s submission to the CBJ.

While DOS plans are coordinated with DOD plans (and vice-versa), it is important to remember that the planning process is only hard-wired together at the National Security Strategy and the ICS. It is vital all planners along both planning chains keep their counterparts aware of institutional direction and planning intentions.

For the SCO or SDO/DATT, this system places a heavy burden of responsibility on their shoulders. It can be said that these two formal planning chains come together at only two people, the SCO and the President. As regards Security Cooperation, SDO/DATTs and SCOs must be extremely adept at keeping all parties informed, facilitating cooperation, and deconflicting priorities of the various departments, agencies, and commands involved.

Figure 19-13
Department of State Planning and Resourcing Process

